



PLANNING COMMITTEE REPORT

Development Management Service
 Planning and Development Division
 Environment and Regeneration Department
 PO Box 3333
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 LONDON N1 1YA

PLANNING COMMITTEE		AGENDA ITEM NO:	
Date:	12 July 2016	NON-EXEMPT	

Application number	P2015/4922/FUL
Application type	Full Planning Application
Ward	Barnsbury
Listed building	Unlisted
Conservation area	Chapel Market / Penton Street
Development Plan Context	Central Activities Zone (CAZ), Employment Growth Area (EGA), Angel and Upper Street Key Area, adjacent to Angel Town Centre
Licensing Implications	None
Site Address	65 -70 White Lion Street, London, N1 9PP
Proposal	Erection of a part three, four and five storey building plus basement comprising 4,233 sq m (GIA) of B1 (business) floorspace.

Case Officer	Simon Greenwood
Applicant	65-70 White Lion Street Ltd
Agent	Iceni Projects - Mr Jamie Sullivan

1. RECOMMENDATION

The Committee is asked to resolve to **GRANT** planning permission:

1. subject to the conditions set out in Appendix 1;
2. conditional upon the prior completion of a Deed of Planning Obligation made under section 106 of the Town and Country Planning Act 1990 securing the heads of terms as set out in Appendix 1.

2. SITE PLAN (site outlined in red)



3. PHOTOS OF SITE/STREET

Aerial view of site from the south



View of site looking north-west from White Lion Street



View of site looking north-east from White Lion Street



Hilton Hotel immediately opposite the site on White Lion Street



Rear of the site and rear of properties fronting Chapel Market



4. SUMMARY

- 4.1 Planning permission was granted in October 2012 for the erection of a part 3, 4 and 5-storey building plus basement comprising 1,445m² of B1 (business) floorspace, 673m² of flexible A1/A2/A3/B1 (retail/financial and professional services/restaurant/café /business) floorspace and 20 serviced apartments. This planning permission has been implemented.
- 4.2 A revised scheme is now proposed comprising a five storey (plus basement and sub-basement plant room) office (Use Class B1a) building (4,233m² GIA floorspace). The building would occupy a similar envelope of development to the permitted scheme with

some increased massing on the top floor and to the rear. The building is intended to provide an 'international headquarters' (B1 use) for potential occupants.

- 4.3 The site is allocated for mixed use development to provide office and/or retail floorspace alongside residential use. However, there is also policy support for the delivery of new offices and the promotion of economic development, particularly given that the site is located within the Central Activities Zone and an Employment Growth Area. The proposed development will provide office floorspace only, and the applicant argues that the quantum of floorspace is required to meet market demand for larger premises. The applicant has agreed to financial contributions in lieu of on-site affordable housing and affordable workspace. It is considered that there is adequate justification for the proposed building to be used solely for office use.
- 4.4 The revisions to the layout, form and massing of the building compared to the previously approved scheme are not considered to result in undue harm to the amenities of the occupants of neighbouring residential dwellings.
- 4.5 The design and appearance of the proposed building is considered to represent an improvement over that of the previously consented scheme and it is considered that the proposed building will sit comfortably on the street scene and will contribute positively to the character and appearance of the Chapel Market / Penton Street.

5. SITE AND SURROUNDING

- 5.1 The 0.11ha application site is roughly rectangular in shape, located to the northern side of White Lion Street and occupies an area of approximately 1,080m². The site was previously occupied by a 3-storey office building within the south western corner and a single-storey former tyre retail warehouse which was more recently used as a covered car park. These structures have now been demolished and the site has been cleared.
- 5.2 The site is located within a designated Employment Growth Area (EGA) and the Central Activities Zone (CAZ), and is in an area characterised by a variety of uses comprising retail, business, hotel and leisure uses as well as some residential. The site is also located adjacent to Angel Town Centre (the town centre boundary was redrawn between the previous grant of planning permission in October 2012 and the adoption of the local plan documents in June 2013).
- 5.3 The site is within the Chapel Market/Penton Street Conservation Area. No. 52 White Lion Street is a Grade II listed building and No. 72 White Lion Street is locally listed. There are a mixture of buildings in terms of age, style and height in the immediate area. The more historic buildings tend to be characterised by narrow frontages as exemplified by the two buildings on either side of the site fronting White Lion Street. There are a number of properties adjoining the northern and eastern boundaries of the site fronting Chapel Market and Baron Street which generally feature commercial uses at ground floor level with residential uses above. No. 64 White Lion Street adjoins the western boundary of the site and is in residential use. No. 71 White Lion Street adjoins the eastern boundary of the site and is in commercial use at ground floor level with residential use above.
- 5.4 White Lion Street connects Pentonville with Islington High Street in Angel town centre.

6. PROPOSAL (IN DETAIL)

- 6.1 It is proposed to erect a five storey (plus basement and sub-basement plant room) office (Use Class B1a) building (3,462m² NIA and 4,233m² GIA) fronting White Lion Street. There

will be a main access and a secondary access off White Lion Street. No car parking is proposed.

- 6.2 The development is intended to attract an occupant to use the building as an international headquarters. The applicant has been advised by commercial agents that the site would be attractive to such an occupier if it delivered a minimum floorspace of 3,700m² GIA (approx. 40,000ft² GIA).
- 6.3 The proposed building would be constructed of facing brickwork, with large glass windows and bronze coloured detailing, which is intended to provide a commercial identity whilst reflecting the materiality of the surrounding area. The elevational treatment is intended to provide a strong vertical 'rhythm' in order to reflect the surrounding urban grain.

7. RELEVANT HISTORY:

Planning Applications

- 7.1 The following previous planning applications relating to the application site are considered relevant to the current pre-application proposal:
- 7.2 **P110256/P110270** - full planning permission and conservation area consent was granted on 25 October 2012 for the demolition of existing buildings and erection of a part 3, 4 and 5-storey building plus basement comprising 1,445m² of B1 (business) floorspace, 673m² of flexible A1/A2/A3/B1 (retail/financial and professional services/restaurant/café /business) floorspace, 20 serviced apartments, 6 flats (1x3-bed, 3x2-bed, 2x1-bed and no affordable), cycle storage and related works.
- 7.3 **P090891/P090892** - full planning permission and conservation area consent was refused on 27 July 2009 for the demolition of existing buildings and erection of a part 3, 4 and 5 storey building and basement providing for 1,372m² of office floorspace, 103 bedroom student accommodation, ancillary accommodation, cycle storage and associated works. The ground of refusal related to inadequate provision of town centre uses to promote the vitality and viability of Angel Town Centre and the CAZ. Subsequent appeals were dismissed on 29 March 2010 (PINS refs: APP/V5570/A/09/2113715/NWF & APP/V5570/A/09/2114025/NWF).
- 7.4 **P080726/P80727** - full planning permission and conservation area consent was granted on 14 August 2008 for the demolition of existing structures and erection of a 5-storey building providing for flexible A1 (retail) or B1 (office) use at basement, ground, first and second floor levels and 5 residential flats at third and fourth floor levels and erection of a separate 3-storey building to the rear for B1 (office) use including associated works and car parking'.
- 7.5 **P071324/P071325** – full planning permission and conservation area consent was granted on 10 January 2008 for the demolition of the existing buildings and the erection of a 5 storey building comprising office and retail floorspace.
- 7.6 **P071326/P071327** – full planning permission and conservation area consent was granted on 10 January 2008 for the demolition of the existing buildings and the erection of a 5 storey building comprising office and retail floorspace and 5 residential units.
- 7.7 **P060779/P060785** – full planning permission and conservation area consent were refused on 31 August 2006 for the demolition of the existing buildings and the erection of a 5 storey building comprising retail/office space and 13 flats with a separate block of B1 studio units to the rear of the site. The grounds of refusal related to design and a lack of affordable housing. Subsequent appeals were dismissed on 5 January 2007 (PINS refs: APP/V5570/A/06/2026013 & APP/V5570/E/06/2026024).

7.8 **P05626/P05628** - full planning permission and conservation area consent were refused on 26 January 2005 for the demolition of the existing buildings and the erection of a 5 storey building comprising retail/office space and 14 flats with a separate block of B1 studio units to the rear of the site. There were several grounds of refusal relating to matters including design, unit mix and a lack of affordable housing. Subsequent appeals were dismissed on 5 January 2007 (PINS refs. APP/V5570/A/06/2021387 and APP/V5570/E/06/2021388).

PRE-APPLICATION ADVICE:

7.9 The proposal has been the subject of pre-application advice from Officers. The applicant was advised that it would be necessary to justify a lack of on-site affordable housing and affordable workspace. It was considered that, in character terms, the design and appearance of the building would represent an improvement over the previously consented scheme.

8. CONSULTATION **Public Consultation**

8.1 Letters were sent to occupants of 234 adjoining and nearby properties at Baron Close, Baron Street, White Lion Street, Pentonville Road, Chapel Market, Angel Mews, Godson Street and Bradley's Close on 9 December 2016. A site notice and a press advert were displayed on 17 December 2016. The public consultation of the application therefore expired on 7 January 2016. However, it is the Council's practice to continue to consider representations made up until the date of a decision.

8.2 At the time of the writing of this report a total of 4 responses had been received from the public with regard to the application. The issues raised can be summarised as follows (with the paragraph that provides responses to each issue indicated within brackets):

- Noisy work should be avoided prior to 9am Monday to Friday and 10am on Saturdays and Sundays and after 7pm on all days in the interests of guests of the Hilton DoubleTree hotel opposite and the occupant of No. 60 White Lion Street (10.66-67);
- Any scaffolding should feature a full obscure screening in the interests of the privacy of guests of the hotel opposite (10.63);
- Loss of light to Nos. 60 and 71 White Lion Street and 1A Baron Close (10.42-57);
- Loss of privacy at No. 71 White Lion Street and Nos. 1- 6 Baron Close (10.63-65);
- Out of character / excessive scale and density (10.35-36);
- Overbearing visual impact, including when viewed from roof terrace at No. 71 White Lion Street (10.58-62);
- Increased traffic and congestion (10.88-90);
- Potential for further development to the rear of the site (note – the rear of the application site will be fully occupied by the building and any future planning applications will be assessed on their merits).

External Consultees

8.3 London Fire and Emergency Planning Authority – no objections raised.

8.4 Historic England (Greater London Archaeology Advisory Service) – no objections raised subject to a condition and informative being attached to the permission

- 8.5 Metropolitan Police (Crime Prevention) – The overall design and layout of the scheme is very good from a security perspective. Windows and doors should be required to meet the relevant security standards.
- 8.6 Thames Water – no objections raised.
- 8.7 Transport for London – no objections raised.

Internal Consultees

- 8.8 Access Officer – no objections raised.
- 8.9 Design and Conservation Officer – the design of the building represents an improvement over the previously consented scheme.
- 8.10 Energy Conservation Officer – no objections raised.
- 8.11 Public Protection Division (Air Quality) – no objections raised subject to a condition securing a Construction Environmental Management Plan.
- 8.12 Public Protection Division (Noise Team) – No objections raised subject to a condition restricting plant noise levels and a condition securing a Construction Environmental Management Plan.
- 8.13 Public Protection Division (Land Contamination) – No objections raised subject to a condition securing a programme of land contamination investigation and appropriate remediation.
- 8.14 Spatial Planning and Transport (Transport Officer) – no objections raised.
- 8.15 Sustainability Officer – no objections raised.

9. RELEVANT POLICIES

Details of all relevant policies and guidance notes are attached in Appendix 2. This report considers the proposal against the following development plan documents.

National Guidance

- 9.1 The National Planning Policy Framework 2012 seeks to secure positive growth in a way that effectively balances economic, environmental and social progress for this and future generations. The NPPF is a material consideration and has been taken into account as part of the assessment of these proposals.

Development Plan

- 9.2 The Development Plan is comprised of the London Plan 2015, Islington Core Strategy (2011) and Development Management Policies (2013). The policies of the Development Plan are considered relevant to this application and are listed at Appendix 2 to this report.

Designations

- 9.3 The site has the following designations under the London Plan 2011, Islington Core Strategy 2011, Development Management Policies 2013 and Site Allocations 2013:

- | | |
|--|---|
| - Chapel Market / Penton Street
Conservation Area | - Central Activities Zone (CAZ)
- Employment Growth Area (EGA) |
|--|---|

- Angel and Upper Street Key Area

Supplementary Planning Guidance (SPG) / Document (SPD)

9.4 The SPGs and/or SPDs which are considered relevant are listed in Appendix 2.

10. ASSESSMENT

10.1 The main issues arising from this proposal relate to:

- Land use
- Design and appearance
- Accessibility
- Neighbouring amenity
- Sustainability, energy efficiency and renewable energy
- Highways and Transportation
- Archaeology
- Contaminated Land
- Planning obligations and Community Infrastructure Levy.

Land-use

10.2 The proposal site is the subject of a site specific policy (AUS3) within the Islington Local Plan: Site Allocations (June 2013) document. The 'Allocation and Justification' for the site states that:

'Any intensification of the site should provide office (B1) and/or retail (A1) use alongside residential use.

Active frontages are encouraged on the lower floor(s) on White Lion Street to contribute to the vitality of the street scene.

Residential uses are considered appropriate on the upper floor(s) and to the rear of the site in order to contribute to identified housing need in the borough.'

10.3 Policy 4.3 of the London Plan states that 'Within the Central Activities Zone...increases in office floorspace...should provide for a mix of uses including housing, unless such a mix would demonstrably conflict with other policies within this plan'.

10.4 The Council's Development Management Policies (June 2013) identifies this site as being located within an Employment Growth Area. Policy DM5.1 is concerned with New Business Floorspace and states, inter alia, that:

"Within Town Centres and Employment Growth Areas the council will encourage the intensification, renewal and modernisation of existing business floorspace, including in particular, the reuse of otherwise surplus large office spaces for smaller units. Within these locations proposals for the redevelopment or Change of Use of existing business floorspace are required to incorporate:

- i) the maximum amount of business floorspace reasonably possible on the site, whilst complying with other relevant planning considerations, and
- ii) a mix of complementary uses, including active frontages where appropriate.

E. Within the Central Activities Zone (CAZ) major development proposals that would result in a net increase in office floorspace should also incorporate housing, consistent with London Plan Policy 4.3. Where housing comprises less than 20% of

the total net increase in office floorspace, an equivalent contribution will be sought for the provision of housing off-site.

F. New business floorspace must be designed to:

- i) allow for future flexibility for a range of uses, including future subdivision and / or amalgamation for a range of business accommodation, particularly for small businesses...'

10.5 The subtext at paragraphs 5.9-5.10 states, inter alia, that:

'London Plan Policy 4.3 states that, within the CAZ, strategically important office developments should provide for a mix of uses, including housing. Policy DM5.1 quantifies this requirement by stating that major development proposals which would result in a net increase of office floorspace should also incorporate housing; and that the total amount of housing floorspace should be equivalent to at least 20% of the total net increase in office floorspace...Where it is not appropriate for housing to be provided on site, an equivalent financial contribution will be sought for the development of affordable housing off-site by the council. This will be determined based on the number of additional housing units that would be required on-site to achieve a genuine mixed use development...'

10.6 Core Strategy Policy CS12(B) makes clear that proposed development which results in the reduction of land supply for conventional housing will be refused.

10.7 The proposal does not include housing and would therefore fail to meet the requirements of Site Allocation AUS3, Policies CS12 and DM5.1, and London Plan Policy 4.3. However, it is appropriate to consider the proposal in the context of policies which promote commercial development and employment growth.

10.8 The Islington Core Strategy identifies the site as being located within the Angel and Upper Street key area as illustrated in Map 2.1 'Key Areas'. Paragraph 2.6.12 states that:

'White Lion Street and Pentonville Road have been identified as the appropriate location within the area for expansion in commercial-led floorspace. The Angel, King's Cross and Bunhill and Clerkenwell Key Areas have all been identified as the locations to accommodate the growth in employment floorspace that is predicted for the borough up to 2026 by the update to the Employment Study 2008.'

10.9 Policy CS5 of the Core Strategy is concerned with Angel and Upper Street and states (inter alia) that:

'Business floor space will be protected from change of use and opportunities for office-led mixed use development, through intensification of uses to contribute to wider employment growth in the borough, will be encouraged. The Angel Town Centre will be expected to accommodate estimated growth in jobs of approximately 775 from B-use floorspace which will be encouraged throughout the town centre, and in particular along Pentonville Road and White Lion Street. Additional employment growth in retail and other service industries will be supported by encouraging ground floor retail units in the office redevelopments along the main shopping streets

The historic character of the area will be protected and enhanced with high quality design encouraged so that it respects the local context of Angel and Upper Street and its surroundings.'

10.10 Policy CS13 of Islington's Core Strategy sets out how the Council will provide and enhance employment space throughout the Borough. New business space will be required to be flexible to meet future business needs and will be required to provide a range of unit types and sizes, including those suitable for SMEs. Development should provide jobs and training opportunities, including a proportion of small, micro and/or affordable workspace or affordable retail space.

10.11 Policy 4.1 of the London Plan is concerned with Developing London's Economy and states, inter alia, that:

'The Mayor will work with partners to:

a1) promote and enable the continued development of a strong, sustainable and increasingly diverse economy across all parts of London, ensuring the availability of sufficient and suitable workspaces in terms of type, size and cost, supporting infrastructure and suitable environments for larger employers and small and medium sized enterprises, including the voluntary and community sectors

d) support and promote the distinctive and crucial contribution to London's economic success made by central London and its specialist clusters of economic activity

e) sustain the continuing regeneration of inner London and redress its persistent concentrations of deprivation.

10.12 Policy 5.2 is concerned with Offices and states, inter alia, that 'the Mayor will and boroughs and other stakeholders should:

a) support the management and mixed use development and redevelopment of office provision to improve London's competitiveness and to address the wider objectives of this Plan, including enhancing its varied attractions for businesses of different types and sizes including small and medium sized enterprises

b) ...consolidate and extend the strengths of the diverse office markets elsewhere in the capital by promoting their competitive advantages, focusing new development on viable locations with good public transport, enhancing the business environment including through mixed use redevelopment, and supporting managed conversion of surplus capacity to more viable, complementary uses

e) monitor the impact of government liberalisation of Permitted Development rights for changes of use from offices to residential.'

10.13 It can be acknowledged that, alongside the requirement for on-site affordable housing, the policy framework provides strong support for commercial development and employment growth in this location. The proposed development is intended to provide an office building suitable for use by a single occupant as a global headquarters. The applicant's case for the proposal is supported by an Office Market Report prepared by Hatton Real Estate which accompanied the application. It is considered appropriate to detail the contents of this report, which is intended to frame the proposal in an economic context.

10.14 The Report advises that the requirements of a high profile, high value, global headquarters tenant would include the following: generous sized & linear floor plates; inspiring creative space; architectural design in tune with the target audience; eco-friendly and sustainable environments; high specification IT infrastructure; outside space / roof terraces; cycle parking and shower facilities; and total floorspace of 40,000 sq ft (GIA). It states that the following sectors would be most likely take an interest in the opportunity upon its delivery toward the end of 2017 (or the prospect thereof): advertising; architects; branding consultants; charities; construction; design agencies; digital media agencies;

engineers; fashion houses; furniture; marketing agencies; media; music production; PR Agencies; publishers; research & data services; recruitment; solicitors; technology; telecoms; and television & film production.

10.15 The Report includes a Market Commentary which notes the following:

- A constrained supply of office floorspace in Central London and the West End in 2015 along with a significant amount of speculative floorspace under construction - leasing activity was expected to increase and healthy demand along with tightening supply had led to increased rents.
- King's Cross and Angel have seen a major upsurge in new occupiers and these are either new entries to London or occupiers attracted away from other London submarkets.
- Office rents in Central London continue to rise and tenants are now more footloose and are willing to consider less central areas that complement their business and brand as well as provide good transport and staff amenities.
- The following firms are currently seeking a central London headquarters building: Christopher Kane (17,000 - 20,000 sq ft); Evening Standard (30,000 – 50,000 sq ft); Gorkana (40,000 - 50,000 sq ft); Kingsley Napley (40,000 -50,000 sq ft); Allegis (35,000 - 40,000 sq ft); and Jac Travel (20,000 -30,000 sq ft).

10.16 The Report advises that the Technology, Media and Telecoms (TMT) sector is driving demand in the City Fringe office market, particularly as firms are keen to relocate from non-core regions in order to enhance their sphere of influence to attract more skilled and talented staff. The City Fringe market is very popular with sectors such as architects, advertising agencies, fashion houses, design consultants, marketing agencies, PR agencies, recruitment and charities. The Report advises that the present pipeline of newly refurbished and redeveloped schemes is very low compared with past trends, which is resulting in higher rents being achieved on all grades of space, especially those at the premium end. The shortage of supply is expected to continue and accordingly rents are expected to increase and rent-free periods are expected to reduce.

10.17 The Report notes that demand within the City Fringe is being driven by the creative industries which in turn attract larger organisations seeking to associate their brand with the new trends. A similar pattern has been observed in commercial property areas such as Islington, Shoreditch, Clerkenwell and Old Street which have developed from 'edgy and brave' locations to established and well serviced places to work. Demand is further fuelled by a more limited supply of larger buildings as compared to the City or the West End, with a scarcity of office spaces in excess of 50,000ft² and with an upper limit of around 30,000ft². It is noted that it is very difficult for larger companies to enter the market or expand their existing workspace in this location.

10.18 The Report also notes that over recent years Islington has become a far more desirable area due to its transport links and improved local amenities, which has attracted occupiers including Cancer Research UK, Expedia, Ticketmaster and RBS.

10.19 The applicant has also identified significant losses of office floorspace elsewhere in the borough as a result of permitted development rights. The Council's last Annual Monitoring Report (2013) indicated that, as of July 2014, 42,000m² of office floorspace had been lost through prior approval applications permitted under the office to residential permitted development rights and a further 9 prior approval applications have been permitted up to June 2015. The applicant 'conservatively' estimates that 45,000- 50,000m² of B1 floorspace has been lost within the Borough through prior approvals, and suggests that further losses are likely. It is the case that these losses have occurred since the adoption of the Core Strategy and Development Management Policies Document.

- 10.20 The applicant also notes that Islington is comfortably on course to exceed its Local Plan target (8,852 new dwellings during the period 2015/16-2019/20) for the delivery of new housing.
- 10.21 The applicant intends that the scheme will to attract a major/global firm to the site for use as a global headquarters if the floorspace was in excess of 3,700m² (GIA) (approx. 40,000ft² (GIA)). The applicant argues that the delivery of on-site affordable housing would reduce the floorspace below this threshold and remove the potential of attracting a global headquarters business to the site. It is noted that the proposed development is speculative and a tenant has not been identified. Accordingly, there would be no guarantee that the proposed development will be occupied by a single tenant as a global headquarters. However, in view of the content of the Market Report detailed above, and in particular given the more limited supply of larger office buildings outside the City and West End, it is considered that some weight can be attached to the desirability of delivering a larger quantum of office floorspace on the site.
- 10.22 London Plan Policy 4.3 caveats the requirement to provide on-site housing by stating that this requirement is subject to it not demonstrably conflicting with other policies in the London Plan. Policies 4.1 and 4.2 are concerned with promoting economic development and increasing the supply of office floorspace, and it could be acknowledged that there is a degree of conflict with the requirement of Policy 4.3.
- 10.23 It can also be acknowledged that, in view of the size of the site, a mixed use building comprising housing would be likely to result in a less efficient building, in particular due to the requirement for a separate entrance, lobby and separate cores.
- 10.24 Overall, it is considered that there is strong policy support for employment use/growth in this location, in particular given the site's location in the Central Activities Zone and an Employment Growth Area. In view of the loss of office floorspace elsewhere in the borough identified by the applicant, the limited supply of larger office buildings in the wider area and the inefficiencies of a mixed use building on this site, the lack of on-site affordable housing may be considered acceptable in this case.
- 10.25 Policy DM5.4 is concerned with the size and affordability of workspace and states (inter alia) that:
- 'A. Within Employment Growth Areas and Town Centres, major development proposals for employment floorspace must incorporate an appropriate amount of affordable workspace and/or workspace suitable for occupation by micro and small enterprises.
- F. In exceptional circumstances, where the proportion of small, micro or affordable workspace to be provided on site does not meet the council's expectation, and where it can be demonstrated that the on-site provision of such workspace is inappropriate or would have an unacceptable impact on the viability of a scheme, financial contributions will be sought to secure equivalent provision off-site, based on a cost per square metre of equivalent provision.'
- 10.26 It is not proposed to deliver on-site affordable workspace. The Council's independent surveyors have acknowledged that the delivery of on-site affordable workspace would increase overall build costs (due to additional services to cater for the affordable unit). Furthermore, there would be a reduced lightwell at basement level in order to protect privacy of separate tenants, whilst the building may be less attractive to large occupiers (due to being non sole occupancy), and service charges would increase.

- 10.27 The Council's Infrastructure and Section 106 Officer has advised that a payment in lieu of on-site affordable workspace would be welcomed and would provide funding for current projects elsewhere in the borough.
- 10.28 It may be considered that the practicalities, costs and marketing implications of providing the affordable workspace on site do not constitute exceptional circumstances to justify off-site provision. However, at this present time there are off-site affordable workspace projects which would benefit from the additional funding that would be secured through a payment in lieu of on-site provision within the proposed scheme. It is therefore considered that, with additional weight attached to the desirability of securing a financial contribution at the present time, there is sufficient justification for a payment in lieu of on-site affordable workspace.
- 10.29 Site allocation AUS3 promotes office and/or retail use on the site. In view of the fact that office floorspace is proposed the lack of retail use within the scheme is considered acceptable.
- 10.30 In summary, site allocation AUS3, along with the relevant Development Plan policies, promotes office development on this site as part of a mixed use development to include housing and affordable workspace. There is also policy support for the delivery of new offices and the promotion of economic development, particularly given that the site is located within the Central Activities Zone and an Employment Growth Area. The proposed development will provide office floorspace only, and the applicant argues that the quantum of floorspace is required to meet market demand for larger premises. The applicant has agreed to financial contributions in lieu of on-site affordable housing and affordable workspace. It is considered that, in this case, there is adequate justification for the proposed building to be used solely for office use. The proposal is considered acceptable in land use terms.

Design and Appearance

- 10.31 Policy DM2.1 (Design) requires all forms of development to be of a high quality, to incorporate inclusive design principles and make a positive contribution to the local character and distinctiveness of an area, based upon an understanding and evaluation of its defining characteristics. Development which fails to take the opportunities available for improving the character and quality of an area and the way that it functions will not be supported.
- 10.32 Policy DM2.2 (Heritage) states that:
- ‘...new developments within Islington’s conservation areas and their settings are required to be of high quality contextual design so that they conserve or enhance a conservation area’s significance. Harm to the significance of a conservation area will not be permitted unless there is a clear and convincing justification.’
- 10.33 The ‘Design Considerations and Constraints’ for the site detailed under Policy AUS4 of the Site Allocations (June 2013) document states, inter alia, that:
- ‘Any proposal would need to conserve and enhance the character/setting of the Chapel Market/Penton Street Conservation Area within which the site sits. A high standard of design will be expected which reflects the scale and character of the area. Setting, massing and design need to be carefully considered to allow for a development that does not dominate, overshadow or overbear on its surrounding buildings (including the grade II listed 57 White Lion Street and locally listed 72 White Lion Street) and is in keeping with the streetscene.’

10.34 The starting point in assessing the design and appearance of the proposed scheme is a comparison with the previously approved scheme, which was considered acceptable in terms of its design and its impact upon the character and appearance of the Chapel Market/Penton Street Conservation Area. The overall form and massing of the proposed building is similar to that of the previously approved scheme. The front elevations of the previously approved scheme (top) and proposed scheme (bottom) are illustrated below.



10.35 It is considered that the proposed development represents an improvement in design terms over the previously approved scheme. The approved scheme is considered to be slightly squat in appearance, in particular due to the low height of the ground floor and the arrangement of the materials and fenestration. In contrast, the proposed scheme would feature larger proportions of glazing and less brickwork which would result in a lighter appearance and a more elegantly proportioned building. The proposed scheme is slightly larger in terms of massing, in particular by reason of a full width top floor, which is considered to represent an improvement in character and appearance terms through providing a symmetrical appearance to the building. It is also the case that the top floor will be set back and therefore will not be unduly visible at street level. The proposed palette of materials is also considered to represent an improvement over the previous scheme and details of materials would be secured by condition should planning permission be granted.

10.36 The applicant has provided the following computer generated images to demonstrate the appearance of the proposed development on the street scene.



10.37 Overall, the proposal is considered to represent an improvement over the previously consented scheme in terms of design and appearance and is considered acceptable in terms of its impact on the character and appearance of the Chapel Market/Penton Street Conservation Area.

Accessibility

- 10.38 London Plan Policy 7.2 states that development should achieve the highest standards of accessible and inclusive design, ensuring that developments can be used safely, easily and with dignity by all regardless of disability, age gender ethnicity or economic circumstances.
- 10.39 The Council's Accessibility Officer raises no objections to the proposal subject to securing appropriate internal arrangements relating to WCs, showers and safe refuges at basement level. The applicant has advised that the final layout of the building will be determined to a great extent by the requirements of the final occupier. The accessibility requirements at basement level will therefore be addressed through the detailed design of the building. A condition (No. 21) is recommended to secure suitable arrangements.

Neighbouring Amenity

- 10.40 The Development Plan contains policies which seek to appropriately safeguard the amenities of residential occupiers when considering new development. London Plan policy 7.6 identifies that buildings should not cause unacceptable harm to the amenity of in particular, residential buildings in respect of matters including privacy and overshadowing. Policy DM2.1 of the Development Management Policies Document 2013 identifies that satisfactory consideration shall be given to noise and the impact of disturbance, vibration, as well as overshadowing, overlooking, privacy, direct sunlight and daylight receipt, over-dominance, sense of enclosure and outlook.
- 10.41 Daylight and Sunlight: In general, for assessing the sunlight and daylight impact of new development on existing buildings, Building Research Establishment (BRE) criteria is adopted. In accordance with both local and national policies, consideration has to be given to the context of the site, the more efficient and effective use of valuable urban land and the degree of material impact on neighbours.
- 10.42 In terms of sunlight, a window may be adversely affected by a new development if a point at the centre of the window receives in the year less than 25% of the annual probable sunlight hours including at least 5% of annual probable sunlight hours during the winter months and less than 0.8 times its former sunlight hours during either period. It should be noted that BRE guidance advises that sunlight is only an issue to a neighbouring property where the new development is located within 90 degrees of due south.
- 10.43 Daylight: the BRE Guidelines stipulate that there should be no real noticeable loss of daylight provided that either:
- The Vertical Sky Component (VSC) as measured at the centre point of a window is greater than 27%; or the VSC is not reduced by greater than 20% of its original value. (Skylight); or*
- The area of the working plane in a room which can receive direct skylight is not reduced to less than 0.8 times its former value. (No Sky Line / Daylight Distribution).*
- 10.44 Average Daylight Factor (ADF) is another daylight measurement which requires 1% for a bedroom, 1.5% for a living room and 2% for a family kitchen. In cases where one room serves more than one purpose, the minimum ADF should be that for the room type with the higher value. It should be noted that this test is normally applicable to proposed residential units, but in some cases is used as supplementary information (rather than key assessment criteria) to provide a clearer picture regarding impacts upon existing properties.
- 10.45 Daylight is also measured by the no sky-line or daylight distribution contour which shows the extent of light penetration into a room at working plane level, 850mm above floor level.

If a substantial part of the room falls behind the no sky-line contour, the distribution of light within the room may be considered to be poor.

10.46 Sunlight: the BRE Guidelines confirm that windows which do not enjoy an orientation within 90 degrees of due south do not warrant assessment. For those windows that do warrant assessment, it is considered that there would be no real noticeable loss of sunlight where:

In 1 year the centre point of the assessed window receives more than 1 quarter (25%) of annual probable sunlight hours (APSH), including at least 5% of Annual Winter Probable Sunlight Hours (WSPH) between 21 Sept and 21 March – being winter; and less than 0.8 of its former hours during either period.

10.47 Where these guidelines are exceeded then daylighting and/or sunlighting may be adversely affected. The BRE Guidelines provides numerical guidelines, the document though emphasizes that advice given here is not mandatory and the guide should not be seen as an instrument of planning policy, these (numerical guidelines) are to be interpreted flexibly since natural lighting is only one of many factors in site layout design. In special circumstances the developer or planning authority may wish to use different target values. For example, in a historic city centre, or in an area with modern high rise buildings, a higher degree of obstruction may be unavoidable if new developments are to match the height and proportions of existing buildings.

10.48 The application site is located within an accessible location, where the potential of sites and density should, according to policy, be maximised where possible. Urban design considerations are also important when applying the guidance quoted above.

10.49 It is widely acknowledged that daylight and sunlight are fundamental to the provision of a good quality living environment and for this reason people expect good natural lighting in their homes. Daylight makes an interior look more attractive and interesting as well as to provide light to work or read by. Inappropriate or insensitive development can reduce a neighbour's daylight and sunlight and thereby adversely affect their amenity to an unacceptable level.

10.50 A comparison with the previously consented scheme, which was considered acceptable in terms of daylight and sunlight impacts, is considered appropriate for the purposes of assessing the impacts of the proposed development. The results of the assessment demonstrate that there will be a slight improvement in comparison to the results for the consented scheme at 1-7 Barons Close and at 83 and 84 Chapel Market. The results for 79, 80, 85 and 86 Chapel Market are comparable to the results for the approved scheme.

10.51 No. 86 Chapel Market has recently been extended at third floor level. The applicant's surveyor has advised that, as the first and second floor windows exceed BRE Guidelines, the new third floor window would also exceed the Guidelines and further testing is not required.

10.52 A number of properties would experience a reduction in daylight and sunlight as compared to the consented scheme and these are detailed within the tables below.

Vertical Sky Component

Property	Room	Previously consented scheme (%)	Proposed scheme (%)	Percentage change (%)
19 Baron Street	R1/30	15.27	14.56	-0.71
	R2/30	17.52	16.80	-0.72
	R2/31	23.65	22.15	-1.5
81 Chapel Market	R1/70	26.76	26.99	+0.23
	R2/70	27.22	27.34	+0.12
	R1/71	32.81	32.69	-0.12
	R2/71	32.55	32.40	-0.15
82 Chapel Market	R1/80	26.10	26.64	+0.54
	R1/81	32.02	32.13	+0.11
	R2/81	23.45	23.58	+0.13
72 White Lion Street	R1/20	15.33	14.70	-0.63

Daylight Distribution

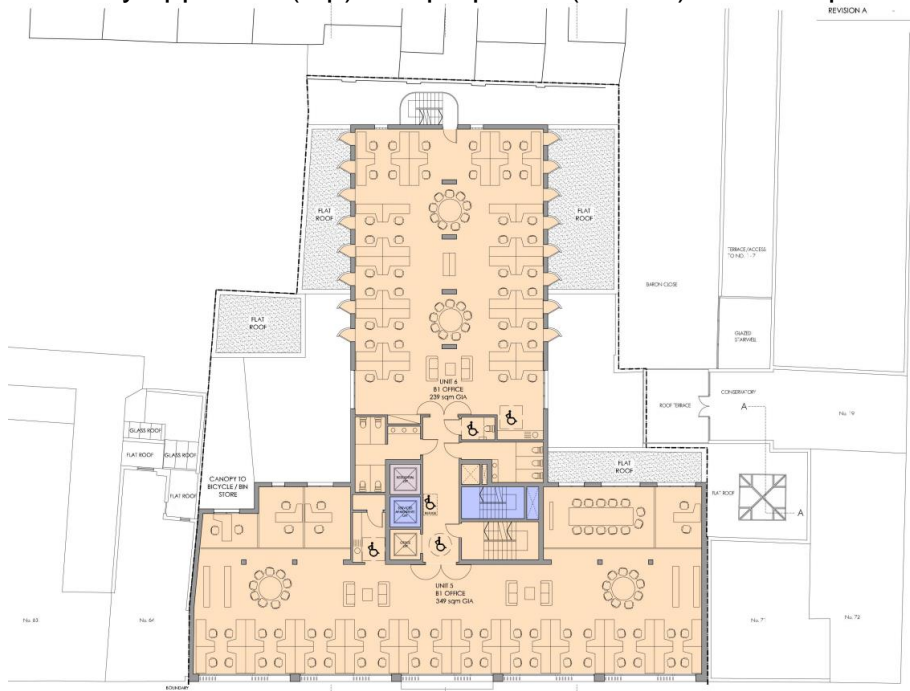
Property	Room	Existing Lit area (m ²)	Proposed lit area (m ²) (previously consented scheme)	Proposed lit area (m ²) (proposed scheme)	Percentage change (%)
19 Barons Street	R1/30	9.33	2.89	2.78	-1.20
	R2/30	13.65	5.98	5.89	-0.66
	R2/31	10.20	5.99	5.83	-1.56
81 Chapel Market	R1/70	10.03	8.71	7.98	-7.28
	R2/70	9.54	7.74	6.98	-7.96
	R1/71	10.03	9.56	9.51	-0.49
	R2/71	9.54	8.93	8.87	-0.63
82 Chapel Market	R1/80	9.42	6.07	5.20	-9.24
	R1/81	9.66	8.11	8.12	+0.11
	R2/81	6.66	5.54	5.54	0
72 White Lion Street	R1/20	7.47	5.61	5.28	-4.42

Annual Probable Sunlight Hours

Property	Room	Annual Sunlight (% APSH)			Winter Sunlight (%APSH)		
		Consented Scheme	Proposed Scheme	Percentage Change	Consented Scheme	Proposed Scheme	Percentage Change
19 Barons Street	R1/30	17	15	-2	0	0	0
	R2/30	16	11	-5	0	0	0
	R2/31	25	22	-3	0	0	0
81 Chapel Market	R1/70	70	68	-2	14	12	-2
	R2/70	67	65	-2	17	15	-2
	R1/71	82	83	+1	25	26	+1
	R2/71	76	76	0	24	24	0
82 Chapel Market	R1/80	69	70	+1	12	13	+1
	R1/81	81	81	0	24	24	0
	R2/81	53	53	0	15	15	0
72 White Lion Street	R1/20	15	14	-1	0	0	0

- 10.53 The above tables demonstrate that the reductions in daylight and sunlight are generally marginal. There would be notable reductions in daylight distribution within rooms at Nos. 81 and 82 Chapel Market. However, the daylight distribution to these rooms would remain at an acceptable level.
- 10.54 The Daylight and Sunlight Report advises that No. 64 White Lion Street has not been assessed as the only window to the rear of the property serves a bathroom and not a habitable room. The applicant's surveyors have advised that the north facing windows on the rear elevation of No. 64 will only have an oblique view of the site and will have unfettered light from over the Chapel Market properties such that the occupants will maintain good levels of light by way of the daylight distribution assessment. It is stated that, whilst these rear windows have not been tested, the comparison to the consented massing will show no difference. Furthermore, as the windows face north, the impact on sunlight is not given such strong protection by BRE guidance.
- 10.55 No. 71 White Lion Street is in commercial use at ground floor level with residential use at the upper floor levels. The applicant's surveyor has advised that, at the upper floor levels, there is clear access to light from over 19 Baron Street and 1-7 Baron Close, with the proposed development only being viewed at an oblique angle. It is stated that the comparison to the consented massing will show no difference in the amount of daylight distribution received within the rooms. Again, as the windows face north, the impact on sunlight is not given such strong protection by BRE guidance.
- 10.56 In summary, the increased massing of the proposed building compared to that of the consented scheme is considered acceptable in terms of the impact on daylight and sunlight to neighbouring residential dwellings.
- 10.57 Outlook / sense of enclosure: The impact of a development on outlook can be considered a material planning consideration if there is an undue sense of enclosure for neighbouring residential properties. There are no established guidelines for what is acceptable or unacceptable in this regard with any assessment subjective as opposed to empirical with key factors in this assessment being the local context and arrangement of buildings and uses.
- 10.58 The form and massing of the proposed development is broadly consistent with the approved scheme. There will be an increase in massing at first and second floor level on the western side of the building to the rear and there will also be an increase in massing through the introduction of a full width top floor. In view of the fact that the proposed form and massing of the building was previously considered acceptable in terms of the visual impact of the proposal when viewed from neighbouring dwellings, it is considered appropriate to assess the impact of increases in the form and massing of the building. The increase to the bulk and massing on the western side of the building at ground, first and second floor level is illustrated on the following plans.

Previously approved (top) and proposed (bottom) first floor plans



Previously approved and proposed second floor plans





10.59 The increased massing at ground floor level will not be unduly perceptible from No. 64 as there is currently a relatively high wall along the boundary. The increase in bulk and massing of the building at first and second floor levels would result in an increased loss of outlook from No. 64 White Lion Street. However, the building will be visible at an oblique view from No. 64 and will be staggered away from the rear facing windows. In view of the built up urban context of the site it is considered that the increased loss of outlook that will result from the additional bulk and massing of the proposed building would not result in undue harm so as to warrant refusal of planning permission.

10.60 The proposed building would feature a full width top floor, whereas previously it was set away from No. 71 White Lion Street. The proposed building would be immediately adjacent to a roof terrace at No. 71 White Lion Street and would rise approximately 4.2m higher than the floor level of the roof terrace. The occupant of No. 71 White Lion Street has raised concerns that the proposed building will result in a loss of amenity by reason of overshadowing in the afternoon and visual impact. The roof terrace is shown in the photograph below.



10.61 It is acknowledged that there will be a loss of amenity to the roof terrace. However, roof terraces are not typically afforded the same degree of protection as habitable rooms within dwellings. It is therefore considered that the impact upon the residential amenities of the occupant of No. 71 as a result of the height and massing of the proposed building

immediately adjacent to the roof terrace would not be unduly harmful so as to justify refusal of planning permission.

- 10.62 Overlooking / Privacy: Development Management Policy 2.1 identifies that ‘to protect privacy for residential developments and existing residential properties, there should be a minimum distance of 18 metres between windows of habitable rooms. This does not apply across the public highway, overlooking across a public highway does not constitute an unacceptable loss of privacy’. In the application of this policy, consideration has to be given also to the nature of views between habitable rooms. For instance where the views between habitable rooms are oblique as a result of angles or height difference between windows, there may be no harm. Habitable rooms provide the living accommodation of the dwelling. Habitable rooms are defined as any room used or intended to be used for sleeping, cooking, living or eating purposes. Enclosed spaces such as bath or toilet facilities, service rooms, corridors, laundries, hallways, or similar spaces are excluded from this definition. However, service/utility/store rooms larger than 8sqm within single dwellings will normally be considered as habitable rooms.
- 10.63 When considering new development, a guideline of 18m window to habitable room window separation distance should be provided to prevent any undue loss of privacy. In order to avoid overlooking (between the proposed building and the Baron Close flats) the applicant proposes angled windows in the eastern elevation where the gap between windows is down to 14m. This arrangement was considered acceptable under the previously approved scheme.
- 10.64 The occupant of No. 71 White Lion Street has raised concerns in relation to overlooking of a roof terrace from the proposed terrace to the front of the top floor of the building. It is considered that any such overlooking could be adequately mitigated through a condition securing screening to the proposed building’s roof terrace (Condition 4).
- 10.65 Construction Impacts: In the interest of protecting neighbouring residential amenity during the construction phase of the development (having regard to impacts such as noise and dust) the applicant is required to comply with the Council’s Code of Construction Practice. Compliance would need to be secured as part of a Section 106 agreement together with a payment towards the monitoring of the site to ensure its neighbourliness. This payment is considered be an acceptable level of contribution having regard to the scale of the development, the proximity of other properties, and likely duration of the construction project. The submission of a method statement for the construction phase and a construction logistics plan would also be required (Condition 22).
- 10.66 To further address any concerns over noise and disturbance resulting from the construction of the development, a planning condition would be required to secure details to address the environmental impacts (including (but not limited to) noise, air quality including dust, smoke and odour, vibration and TV reception).

Sustainability, Energy Efficiency and Renewable Energy

- 10.67 London Plan Policy 5.1 stipulates a London-wide reduction of carbon emissions of 60 per cent by 2025. Policy 5.2 of the plan requires all development proposals to contribute towards climate change mitigation by minimising carbon dioxide emissions through energy efficient design, the use of less energy and the incorporation of renewable energy. London Plan Policy 5.5 sets strategic targets for new developments to connect to localised and decentralised energy systems while Policy 5.6 requires developments to evaluate the feasibility of Combined Heat and Power (CHP) systems.
- 10.68 All development is required to demonstrate that it has minimised onsite carbon dioxide emissions by maximising energy efficiency, supplying energy efficiently and using onsite

renewable energy generation (CS10). Developments should achieve a total (regulated and unregulated) CO2 emissions reduction of at least 27% relative to total emissions from a building which complies with Building Regulations 2013 (39% where connection to a Decentralised Heating Network is possible). Typically all remaining CO2 emissions should be offset through a financial contribution towards measures which reduce CO2 emissions from the existing building stock (CS10).

10.69 The London Plan and Core Strategy require development proposals to make the fullest possible contribution to minimising carbon dioxide emissions in accordance with the energy hierarchy; be lean, be clean, be green. Policy 5.2 of the London Plan requires the submission of a detailed energy assessment setting out efficiency savings, decentralised energy options and renewable energy production.

10.70 Policy CS10A of Islington's Core Strategy requires onsite total CO2 reduction targets (regulated and unregulated) against Building Regulations 2013 of 27% where connection to a decentralised energy network is not made and 40% where connection to a decentralised energy network is possible. The London Plan sets out a CO2 reduction target, for regulated emissions only, of 40% against Building Regulations 2010.

BE LEAN

Energy efficiency standards

10.71 The council's Environmental Design SPD states 'The highest possible standards of thermal insulation and air tightness and energy efficient lighting should be specified'. 'U values' are a measure of heat loss from a building and a low value indicates good insulation. The proposed U-value for the external walls is 0.18 and this is welcomed.

10.72 LED lighting and controls are proposed to achieve 108lm/W and this is also welcomed.

BE CLEAN

District heating

10.73 DM7.3A requires all developments to be designed to be able to connect to a District Energy Network (DEN) if and when such a network becomes available. Specific design standards are set out in the council's Environmental Design SPD. DM7.3B and C state that where there is an existing or future DEN within 500m of the site, the development should connect. There is no available local DEN network to link up to within 500m of the site at present.

10.74 DM7.3D states that where there is no existing or proposed future DEN within 500m of the site, where possible, developments should connect to a shared heating network, unless not reasonably possible. The applicant proposes that the system will be future-proofed for connection to a local heat network. This is strongly supported, as this is an area where the Council envisages the further development of heat networks in the coming years. It is recommended that details of future-proofing for connection to a DEN be secured by condition (No. 20), in particular to ensure that there is sufficient room for a plate heat exchanger within the plant room and to ensure that there is a safeguarded and available route to the site boundary.

SHARED HEAT NETWORK

Combined Heat and Power

10.75 Policy DM7.3(D) requires that 'Where connection to an existing or future DEN is not possible, major developments should develop and/or connect to a Shared Heating Network (SHN) linking neighbouring developments and/or existing buildings, unless it can be demonstrated that this is not reasonably possible.' The Council's Energy Advisor notes that the hotel at 60 Pentonville Road incorporates a gas CHP engine, whilst acknowledging that the on-site heat demand for the proposed development is relatively low and that the potential point of connection to the CHP engine may be awkward. The applicant also

argues that, given the low heat demand for the proposed development and the need for 24 hour services from the connection, the distribution losses would outweigh the benefits. However, in order that connection to a shared heat network is discounted the applicant would be required to submit evidence to demonstrate that connection is not feasible. It is recommended that this evidence be required by condition (No. 23) and, should it subsequently be demonstrated that connection is feasible, an updated Energy Statement would be required.

BE GREEN

Renewable energy technologies

- 10.76 The Sustainable Design and Construction Statement proposes a 91 panel photovoltaic array (28.21Kwp) at roof level and the applicant has confirmed that 100% of the available roof space will be made available for the installation. The Council's Energy Advisor supports this proposal.
- 10.77 Carbon Emissions: The applicant proposes a reduction in overall emissions of 40% compared to a 2013 Building Regulations Baseline which exceeds the London Plan target and is supported.
- 10.78 Total emissions (regulated and unregulated) are proposed to be reduced by 21% which is short of the council's target for a 27% reduction. In accordance with the Council's Zero Carbon Policy, the council's Environmental Design SPD states "after minimising CO2 emissions onsite, developments are required to offset all remaining CO2 emissions (Policy CS10) through a financial contribution". 'All' in this regards means both regulated and unregulated emissions.
- 10.79 The Environmental Design SPD states "The calculation of the amount of CO2 to be offset, and the resulting financial contribution, shall be specified in the submitted Energy Statement."
- 10.80 The Sustainable Design and Construction Statement identifies that the final total CO2 emissions would be 188,442 tCO2/year. This would give rise to an offset financial contribution of £136,988. This is supported by the Council's Energy Advisor.
- 10.81 Overheating and Cooling: DM7.5A requires developments to demonstrate that the proposed design has maximised passive design measures to control heat gain and deliver passive cooling, in order to avoid increased vulnerability against rising temperatures whilst minimising energy intensive cooling. Part B of the policy supports this approach, stating that the use of mechanical cooling shall not be supported unless evidence is provided to demonstrate that passive design measures cannot deliver sufficient heat control. Part C of the policy requires applicants to demonstrate that overheating has been effectively addressed by meeting standards in the latest CIBSE (Chartered Institute of Building Service Engineers) guidance.
- 10.82 The Sustainable Design and Construction Statement identifies that a natural ventilation strategy cannot maintain internal temperatures to acceptable levels in accordance with CIBSE guidance for the design summer year 2050. Accordingly, the applicant proposes a fully air conditioned internal environment to future proof the building against overheating by 2050. This is not supported by the Council's Energy Advisor.
- 10.83 The applicant has discounted mechanical ventilation (which is above air conditioning in the sequential cooling hierarchy) on the basis that it would necessitate a reduction in the floor to ceiling heights from 3m to 2.5m (in order to accommodate the ventilation equipment), which would in turn reduce the effectiveness of any mechanical ventilation. The applicant

also notes that a mechanical ventilation strategy would represent an energy intensive approach and this is acknowledged by the Council's Energy Advisor.

- 10.84 The applicant has also argued that artificial cooling is required for marketing reasons as it would be sought by potential occupants of the proposed building. This is not accepted as a justification.
- 10.85 DM5.1, part F, sets out the requirements for the design of new business floorspace to allow for future flexibility. Paragraph 5.10 of Development Management Policies clarifies what will be expected in terms of flexible design features to help ensure adaptability to changing economic conditions and occupants (including small and medium businesses), this includes adequate floor to ceiling heights (at least 3 metres of free space). In view of the fact that both mechanical ventilation and artificial cooling would represent energy intensive cooling solutions, and given that mechanical ventilation would result in inadequate floor to ceiling heights, it is considered that a restricted artificial cooling system (which only operates above a certain temperature) would be appropriate. Accordingly, a condition (No. 24) is recommended to secure details of a restricted system of artificial cooling. This is viewed as being an acceptable solution.
- 10.86 Sustainable Urban Drainage System (SUDS): Policy DM6.6 is concerned with flood prevention and requires that schemes must be designed to reduce surface water run-off to a 'greenfield rate', where feasible. Conditions (Nos. 7 and 17) are recommended to secure details of a Sustainable Urban Drainage System and details of green roofs to ensure compliance with Policy DM6.6.

Highways and Transportation

- 10.87 The site is located on the north side of White Lion Street (in between Penton and Baron Streets). The site is well located in relation to public transport and has a Public Transport Accessibility Level rating of at least 5 (very good).
- 10.88 The site is situated approximately 260 metres from Angel Underground Station, which provides train services on the Northern Line. It is also located approximately 70 metres from three bus routes (30, 73 and 476) that extend along Baron Street and White Lion Street (these sections of road form part of the Transport for London Route Network (TLRN)) and is also located approximately 140 metres from Pentonville Road, which provides two bus routes (205 and 214).
- 10.89 The application is accompanied by a Transport Statement which concludes that the proposed development will have a negligible impact on the surrounding transport and highway infrastructure. The Council's Highways Officer has raised no objections to the proposal.
- 10.90 Cycle access and parking: Development Management Policy DM8.4 (Walking and cycling), Part D requires the provision of secure, sheltered, integrated, conveniently located, adequately lit, step-free and accessible cycle parking. Appendix 6 of the Development Management Policies document requires cycle parking for office floorspace to be provided at a rate of 1 space per 80m². The proposal therefore gives rise to a requirement for a minimum 53 cycle parking spaces. 64 spaces are proposed at basement level (accessed via lift) along with showers for cyclists. The proposed cycle parking provision is considered acceptable.
- 10.91 It is recommended that specific details of cycle parking for the development be secured by condition should planning permission be granted.

10.92 Deliveries and Servicing: The applicant has submitted a Deliveries and Servicing Management Plan which details the proposed servicing arrangements which will be similar to those approved under the previous planning permission. At the time of writing comments were awaited from the Council's Highway's Officer and any update will be provided at the meeting.

Archaeology

10.93 The site does not fall within a designated Archaeological Priority Area (APA). However, it lies on the fringes of historic Islington and where medieval conduits have been projected to have run. A pre-commencement condition was attached to planning permission reference P110256 requiring the implementation of a programme of archaeological investigation in accordance with an agreed written scheme of investigation (P2013/5028/AOD). The written scheme of investigation was approved in February 2014 and the agreed programme of archaeological investigation was carried out in June 2015. Following completion of the works an archive was deposited with the London Archaeological Archive and Research Centre (LAARC). The Historic England Archaeology Advisor indicated that no further archaeological works were expected to be necessary.

Contaminated Land

10.94 The site has previously had industrial uses that may have been polluting. The development involves a basement across the site which will involve the excavation of soil on the site.

10.95 The Council's Environmental Health Officer has raised no objections to the proposal in terms of contaminated land subject to a condition securing a land contamination investigation and a programme of any necessary land contamination remediation works. The proposal is therefore considered acceptable in terms of land contamination.

Planning Obligations and Community Infrastructure Levy

10.96 The Community Infrastructure Levy (CIL) Regulations 2010, part 11 introduced the requirement that planning obligations under section 106 must meet three statutory tests, i.e. that they (i) necessary to make the development acceptable in planning terms, (ii) directly related to the development, and (iii) fairly and reasonably related in scale and kind to the development.

10.97 The previously consented scheme (ref. P110256) has been implemented. The commencement of development triggered a requirement for the payment of £607,268, secured through the Section 106 agreement. The Council has agreed that these contributions will be credited against the contributions which will be required under the current proposal, should planning permission be granted. The table below shows the difference between the planning obligations and CIL charges required in order for the proposed scheme to be policy compliant and the contributions already paid in relation to P110256.

P2015/4922/FUL HoTs		P110256 (paid contributions)		Outstanding / additional
Work placements	4 placements or £20,000	Work placements	£ -	4 placements or £20,000
Code of construction monitoring fee	£4,235	Code of construction monitoring fee	£ -	£4,235
Accessible transport	8 bays or £16,000	Accessible transport	£6,431	£9,569

Carbon offset contribution	£136,968	Carbon offset contribution	£ -	£136,968
Employment and training	£38,883	End use employment and training	£24,758	£14,125
Crossrail	£558,600	Crossrail	£117,667	£348,599
Affordable housing (mixed use in CAZ)	£319,200	Affordable housing (mixed use in CAZ)	£ -	£319,200
Islington CIL	£367,259	Infrastructure contributions*	£304,812*	£62,448
HoTs total	£1,570,111	Received total	£607,268	Difference £915,144

* This £304,812 consists of the following S106 contributions:

- Community facilities (£8,347.04)
- Public open space (£86,776.84)
- Play facilities (£6,058.78)
- Sport and recreation (£36,912.18)
- Transport/public realm (£166,716.79).

10.98 The applicant submitted a financial viability assessment which indicated that the proposed development calculates a residual land value of £9,732,000 and the benchmark land value of the site, based upon the consented scheme, is £9,856,000. Accordingly, the net residual is stated to be -£124,000 and therefore the proposed development cannot support any further financial contributions than those already paid.

10.99 In order to properly and thoroughly assess the financial viability assessment, the Council appointed BPS Chartered Surveyors (BPS) to undertake a review of financial viability for this scheme. The assessment sought to determine the deliverability and viability of the proposed scheme.

10.100 The concept of viability testing is to determine the potential amount of planning obligations that can be sought before the return to the landowner and developer falls below a “competitive return”. Firstly, a Residual Land Valuation (RLV) is calculated to ascertain the amount that can be paid for the site. This is calculated from the total value of the completed proposed development minus any development costs. Secondly, a Benchmark Land Value is established (based on the EUV of the current site), which is the measure against which the RLV is compared with to determine whether the scheme is viable.

10.101 The submitted financial viability assessment has been scrutinised by BPS and Council officers. The following provides a summary of the conclusions of the review of the financial viability assessment. However, given the detailed and comprehensive way that the BPS report deals with financial viability it is not attempted to fully summarise the report here and a copy is provided at **Appendix 3**. The conclusions of the report are summarised as follows:

- We expect that there would be a considerably lower yield for the proposed office relative to the consented office – we suggest that a yield differential is appropriate and we have increased the yield from 5.25% to 6% for the consented scheme’s offices whilst we have reduced the application scheme’s yield from 5.25% to 5.0%.

- We have removed the 're-letting void' from the application scheme's office investment valuation, which increases the Net Development Value by £1.53m. We have also removed this from the consented scheme valuation – the reason being that the cost of future re-letting should be factored into the All Risks Yield that has been adopted.
- We have made some adjustments to the rents to reflect the superiority of the application scheme.
- The letting void is 12 months in the application scheme's appraisal, and the £2.25m of finance costs over this period appear high - we have not made any adjustments to these costs as of yet, but we would need further justification that the finance costs during the letting void period are reasonable.
- It appears likely that a pre-let could be secured for the application scheme's offices and therefore a void period of one year applied to the residual valuation may be somewhat pessimistic - we calculate that decreasing the letting void to 6 months would increase the surplus by £0.95m.
- The revised appraisals indicate that the net residual value of the application scheme is increased from £9.73m to £13.68m whilst the net residual value of consented scheme is reduced from £9.86m to £7.94m - the revised figures result in a £5.74m surplus when this benchmark is deducted from the application scheme's residual value - this would allow sufficient surplus for the financial contributions that are being sought.
- In the appraisal, the site purchase costs are calculated based on the net residual value, when they should instead be based on the benchmark land value which would further increase the scheme surplus - we have not as of yet factored this suggested change into our revised appraisals.
- The costs estimate for the application scheme and consented scheme both appear to be below BCIS rates. If BCIS rates were to be adopted, this would act to reduce the £5.74m development surplus considerably (by approximately £1.46m, after allowing for related changes to finance costs and fees etc), although further discussion is required in order to reach a firmer conclusion regarding costs - these changes would reduce the suggested surplus from £5.74m to £4.28m.

10.102 The applicant has subsequently accepted BPS' conclusions on viability, whilst suggesting that in order to be deliverable an uplift in expected rental yield would be required. The applicant has since signed a statutory declaration indicating that the scheme is fully capable of being delivered as at the date of the declaration (24 June 2016). The grant of planning permission would be subject to a legal agreement securing the planning obligations detailed above. An application to vary the terms of the section 106 agreement could not be made within 5 years of the grant of planning permission (by which time the permission will have lapsed if not implemented) and any such application would be assessed on its merits. It is therefore considered that, at this stage, should planning permission be granted, there is minimal risk from the Council's point of view in relation to securing the required financial contributions.

10.103 The Section 106 agreement would therefore include the following agreed Heads of Terms:

- Contribution of £136,968 towards offsetting projected residual CO2 emissions of the development.
- The repair and re-instatement of the footways and highways adjoining the development, including the removal of redundant footway crossovers. The cost is to be confirmed by LBI Highways, paid for by the applicant/developer and the work carried out by LBI Highways. Condition surveys may be required.
- Compliance with the Code of Employment and Training.

- Facilitation of 4 work placements during the construction phase of the development, lasting a minimum of 13 weeks, or a fee of £20,000 to be paid to LBI.
- Contribution of £14,125 towards employment and training for local residents.
- Compliance with the Code of Local Procurement.
- Compliance with the Code of Construction Practice, including a monitoring fee of £4,235.
- Provision of 8 additional accessible parking bays or a contribution of £9,569 towards provision of on-street bays or other accessible transport initiatives.
- Submission of a Green Performance Plan and a post occupation Green Performance Plan
- Submission of a final Travel Plan.
- Payment of Council's fees in preparing and monitoring the S106.
- Payment in lieu of on-site affordable workspace of £488,076.56 (at the time of writing the applicant's agreement to this sum was awaited).
- Payment in lieu of on-site affordable housing of £319,200.
- Contribution of £348,599 towards the construction of Crossrail.

10.104 Under the terms of the Planning Act 2008 (as amended) and Community Infrastructure Levy Regulations 2010 (as amended), the Mayor of London's and Islington's Community Infrastructure Levy (CIL) will be chargeable on this application on grant of planning permission. This will be calculated in accordance with the Mayor's adopted Community Infrastructure Levy Charging Schedule 2012 and the Islington adopted Community Infrastructure Levy Charging Schedule 2014.

11. SUMMARY AND CONCLUSION

Summary

- 11.1 It is proposed to erect a five storey (plus basement and sub-basement plant room) office (Use Class B1a) building (4,233m² GIA floorspace). The building would occupy a similar envelope of development to the permitted scheme with some increased massing on the top floor and to the rear. The building is intended to provide an 'international headquarters' for potential occupants.
- 11.2 The site is allocated for mixed use development to provide office and/or retail floorspace alongside residential use. However, there is also policy support for the delivery of new offices and the promotion of economic development, particularly given that the site is located within the Central Activities Zone and an Employment Growth Area. The proposed development will provide office floorspace only, and the applicant argues that the quantum of floorspace is required to meet market demand for larger premises. The applicant has agreed to financial contributions in lieu of on-site affordable housing and affordable workspace. It is considered that there is adequate justification for the proposed building to be used solely for office use.
- 11.3 The revisions to the layout, form and massing of the building compared to the previously approved scheme are not considered to result in undue harm to the amenities of the occupants of neighbouring residential dwellings.
- 11.4 The design and appearance of the proposed building is considered to represent an improvement over that of the previously consented scheme and it is considered that the proposed building will sit comfortably on the street scene and will contribute positively to the character and appearance of the Chapel Market / Penton Street.

Conclusion

- 11.5 It is recommended that planning permission be granted subject to conditions and S106 legal agreement heads of terms as set out in Appendix 1 - RECOMMENDATIONS.

APPENDIX 1 – RECOMMENDATIONS

RECOMMENDATION A

That planning permission be granted subject to the prior completion of a Deed of Planning Obligation made under section 106 of the Town and Country Planning Act 1990 between the Council and all persons with an interest in the land (including mortgagees) in order to secure the following planning obligations to the satisfaction of the Head of Law and Public Services and the Service Director, Planning and Development / Head of Service – Development Management or, in their absence, the Deputy Head of Service.

1. Contribution of £136,968 towards offsetting projected residual CO2 emissions of the development.
2. The repair and re-instatement of the footways and highways adjoining the development, including the removal of redundant footway crossovers. The cost is to be confirmed by LBI Highways, paid for by the applicant/developer and the work carried out by LBI Highways. Condition surveys may be required.
3. Compliance with the Code of Employment and Training.
4. Facilitation of 4 work placements during the construction phase of the development, lasting a minimum of 13 weeks, or a fee of £20,000 to be paid to LBI.
5. Contribution of £14,125 towards employment and training for local residents.
6. Compliance with the Code of Local Procurement.
7. Compliance with the Code of Construction Practice, including a monitoring fee of £4,235.
8. Provision of 8 additional accessible parking bays or a contribution of £9,569 towards provision of on-street bays or other accessible transport initiatives.
9. Submission of a Green Performance Plan and a post occupation Green Performance Plan
10. Submission of a final Travel Plan.
11. Payment of Council's fees in preparing and monitoring the S106.
12. Payment in lieu of on-site affordable workspace of £488,076.56 (at the time of writing the applicant's agreement to this sum was awaited).
13. Payment in lieu of on-site affordable housing of £319,200.
14. Contribution of £348,599 towards the construction of Crossrail.

That, should the **Section 106** Deed of Planning Obligation not be completed within 13 weeks / 16 weeks (for EIA development) from the date when the application was made valid, the Service Director, Planning and Development / Head of Service – Development Management or, in their absence, the Deputy Head of Service may refuse the application on the grounds that the proposed development, in the absence of a Deed of Planning Obligation is not acceptable in planning terms.

ALTERNATIVELY should this application be refused (including refusals on the direction of The Secretary of State or The Mayor) and appealed to the Secretary of State, the Service Director, Planning and Development / Head of Service – Development Management or, in their absence, the Deputy Head of Service be authorised to enter into a Deed of Planning Obligation under section 106 of the Town and Country Planning Act 1990 to secure to the heads of terms as set out in this report to Committee.

RECOMMENDATION B

That the grant of planning permission be subject to **conditions** to secure the following:

List of Conditions:

1	Commencement (compliance)
	<p>CONDITION: The development hereby permitted shall be begun not later than the expiration of three years from the date of this permission.</p> <p>REASON: To comply with the provisions of Section 91(1)(a) of the Town and Country Planning Act 1990 as amended by the Planning and Compulsory Purchase Act 2004 (Chapter 5).</p>
2	Approved plans list (compliance)
	<p>CONDITION: The development hereby approved shall be carried out in accordance with the following approved plans: 1294 PP01-PP14; Design, Access and Heritage Statement; Daylight and Sunlight Report; Transport Statement; Construction Management Plan; Sustainable Design and Construction Statement; Archaeology.</p> <p>REASON: To comply with Section 70(1)(a) of the Town and Country Act 1990 as amended and the Reason for Grant and also for the avoidance of doubt and in the interest of proper planning.</p>
3	Materials and Samples (Compliance and Details)
	<p>Details and samples of the following facing materials shall be submitted to and approved in writing by the Local Planning Authority prior to any superstructure work commencing on site. The details and samples shall include:</p> <ul style="list-style-type: none">a) Brickwork, bond and mortar courses;b) Window and doors;c) Roofing materials;d) Roof terrace materials including privacy screens;e) Railings;f) Green procurement plan for sourcing the proposed materials;g) Soffits;h) Ground floor signage;i) Any other materials to be used. <p>The Green Procurement Plan shall demonstrate how the procurement of materials for the development will promote sustainability, including through the use of low impact, sustainably-sourced, reused and recycled materials and the reuse of demolition waste.</p> <p>The development shall be carried out strictly in accordance with the details and samples so approved, shall be maintained as such thereafter and no change therefrom shall take place without the prior written consent of the Local Planning Authority.</p> <p>REASON: In the interest of securing sustainable development and to ensure that the resulting appearance and construction of the development is of a high standard.</p>
4	Visual Screen (Details)
	<p>Details of visual screens to the third floor and fourth floor (front and rear) roof terraces of the building shall be submitted to and approved in writing by the Local Planning Authority prior to their installation.</p> <p>The screens shall be installed prior to the first occupation of the development hereby approved and the development shall be carried out strictly in accordance</p>

	<p>with the details so approved and shall be maintained as such thereafter.</p> <p>REASON: To prevent undue overlooking of neighbouring residential properties and to ensure that the resulting visual screen is acceptable in terms of its appearance.</p>
5	<p>Construction Environmental Management Plan (Details)</p> <p>CONDITION: A Construction Environmental Management Plan assessing the environmental impacts (including (but not limited to) noise, air quality including dust, smoke and odour, vibration and TV reception) of the development shall be submitted to and approved in writing by the Local Planning Authority prior to any works commencing on site. The report shall assess impacts during the construction phase of the development on nearby residents and other occupiers together with means of mitigating any identified impacts. The development shall be carried out strictly in accordance with the details so approved and no change therefrom shall take place without the prior written consent of the Local Planning Authority.</p> <p>THE CEMP should pay reference to BS5228:2009, LBI's Code of Construction Practice, the GLA's SPG on construction dust and emissions (including the Non-Road Mobile Machinery register) and any other relevant guidance.</p> <p>REASON: In the interests of residential and local amenity, and air quality.</p>
6	<p>BREEAM (Compliance)</p> <p>CONDITION: The commercial element of the development shall achieve a BREEAM rating of no less than 'Excellent'.</p> <p>REASON: In the interest of addressing climate change and to secure sustainable development.</p>
7	<p>Green/Brown Biodiversity Roofs (Details)</p> <p>CONDITION: Details of the biodiversity (green/brown) roof(s) shall be submitted to and approved in writing by the Local Planning Authority prior to any superstructure works commencing on site. The biodiversity (green/brown) roof(s) shall be:</p> <ol style="list-style-type: none"> a) biodiversity based with extensive substrate base (depth 80-150mm); and b) planted/seeded with an agreed mix of species within the first planting season following the practical completion of the building works (the seed mix shall be focused on wildflower planting, and shall contain no more than a maximum of 25% sedum). <p>The biodiversity (green/brown) roof shall not be used as an amenity or sitting out space of any kind whatsoever and shall only be used in the case of essential maintenance or repair, or escape in case of emergency.</p> <p>The biodiversity roof(s) shall be carried out strictly in accordance with the details so approved and shall be maintained as such thereafter.</p> <p>REASON: To ensure the development provides the maximum possible provision towards creation of habitats and valuable areas for biodiversity.</p>
8	<p>Land Contamination (CIL Pre-commencement condition)</p> <p>Prior to the commencement of development the following assessment in response to the NPPF and in accordance with CLR11 and BS10175:2011 shall be submitted to and approved in writing by the Local Planning Authority</p> <ol style="list-style-type: none"> a) A land contamination investigation. <p>Following the agreement to details relating to point a); details of the following works</p>

	<p>shall be submitted to and approved in writing by the Local Planning Authority prior to any superstructure works commencing on site:</p> <p>b) A programme of any necessary remedial land contamination remediation works arising from the land contamination investigation.</p> <p>The development shall be carried out strictly in accordance with the investigation and any scheme of remedial works so approved and no change therefrom shall take place without the prior written approval of the Local Planning Authority.</p> <p>c) Following completion of measures identified in the approved remediation scheme a verification report, that demonstrates the effectiveness of the remediation carried out, must be produced which is subject to the approval in writing of the Local Planning Authority in accordance with part b)."</p> <p>REASON: Given the history of the site the land may be contaminated, investigation and potential remediation is necessary to safeguard the health and safety of future occupants.</p>
9	<p>Fixed Plant (Compliance)</p> <p>"The design and installation of new items of fixed plant shall be such that when operating the cumulative noise level LAeq Tr arising from the proposed plant, measured or predicted at 1m from the facade of the nearest noise sensitive premises, shall be a rating level of at least 5dB(A) below the background noise level LAF90 Tbg. The measurement and/or prediction of the noise should be carried out in accordance with the methodology contained within BS 4142: 2014."</p> <p>Reason; In the interests of neighbouring residential amenity.</p>
10	<p>Construction Environmental Management Plan (Details)</p> <p>A Construction Environmental Management Plan assessing the environmental impacts (including (but not limited to) noise, air quality including dust, smoke and odour, vibration and TV reception) of the development shall be submitted to and approved in writing by the Local Planning Authority prior to any works commencing on site. The report shall assess impacts during the construction phase of the development on nearby residents and other occupiers together with means of mitigating any identified impacts. The development shall be carried out strictly in accordance with the details so approved and no change therefrom shall take place without the prior written consent of the Local Planning Authority.</p> <p>Reason; In the interests of neighbouring residential amenity.</p>
11	<p>Piling Method Statement (Details)</p> <p>CONDITION: No impact piling shall take place until a piling method statement (detailing the type of piling to be undertaken and the methodology by which such piling will be carried out, including measures to prevent and minimise the potential for damage to subsurface sewerage infrastructure, and the programme for the works) has been submitted to and approved in writing by the local planning authority in consultation with Thames Water. Any piling must be undertaken in accordance with the terms of the approved piling method statement.</p> <p>REASON: The proposed works will be in close proximity to underground water utility infrastructure. Piling has the potential to impact on local underground water utility infrastructure.</p>
12	<p>Lighting Plan (Details)</p> <p>CONDITION: Full details of the lighting across the site shall be submitted to and approved in writing by the Local Planning Authority prior to the commencement of the approved development.</p>

	<p>The details shall include the location and full specification of: all lamps; light levels/spill lamps, floodlights, support structures, hours of operation and technical details on how impacts on bat foraging will be minimised. The lighting measures shall be carried out strictly in accordance with the details so approved, shall be installed prior to occupation of the development and shall be maintained as such thereafter.</p> <p>REASON: To ensure that any resulting general or security lighting is appropriately located, designed do not adversely impact neighbouring residential amenity and are appropriate to the overall design of the buildings as well as protecting the biodiversity value of the site.</p>
13	<p>Energy Efficiency – CO2 Reduction (Compliance/Details)</p> <p>CONDITION: The energy efficiency measures as outlined within the approved Energy Strategy which shall together provide for no less than a 21% on-site total CO2 reduction in comparison with total emissions from a building which complies with Building Regulations 2013 as detailed within the Sustainability Statement shall be installed and operational prior to the first occupation of the development.</p> <p>Should there be any change to the energy efficiency measures within the approved Energy Strategy, the following shall be submitted prior to the commencement of the development:</p> <p>A revised Energy Strategy, which shall provide for no less than a 21% onsite total CO2 reduction in comparison with total emissions from a building which complies with Building Regulations 2010. This shall include the details of any strategy needed to mitigate poor air quality (such as mechanical ventilation).</p> <p>The final agreed scheme shall be installed and in operation prior to the first occupation of the development.</p> <p>The development shall be carried out strictly in accordance with the details so approved and shall be maintained as such thereafter.</p> <p>REASON: In the interest of addressing climate change and to secure sustainable development.</p>
14	<p>Renewable Energy (Compliance)</p> <p>CONDITION: The energy efficiency measures/features and renewable energy technology (solar PV panels), which shall provide for no less than 17.8% on-site regulated CO₂ reduction as detailed within the 'Energy Strategy' shall be installed and operational prior to the first occupation of the development.</p> <p>Should, following further assessment, the approved renewable energy option be found to be no-longer suitable:</p> <p>a) a revised scheme of renewable energy provision, which shall provide for no less than 17.8% onsite regulated CO₂ reduction, shall be submitted to and approved in writing by the Local Planning Authority prior to any superstructure works commencing on site. The final agreed scheme shall be installed and operational prior to the first occupation of the development and shall be maintained as such thereafter.</p> <p>REASON: In the interest of sustainable development and to ensure that the Local Planning Authority may be satisfied that CO₂ emission reduction targets by energy efficient measures/features and renewable energy are met.</p>
15	<p>Solar Photovoltaic Panels (Details)</p>

	<p>CONDITION: Prior to the commencement of the development hereby approved, details of the proposed Solar Photovoltaic Panels at the site shall be submitted to and approved in writing by the Local Planning Authority. These details shall include but not be limited to:</p> <ul style="list-style-type: none"> - Location; - Area of panels; and - Design (including elevation plans). <p>The solar photovoltaic panels as approved shall be installed prior to the first occupation of the development and retained as such permanently thereafter.</p> <p>REASON: In the interest of addressing climate change and to secure sustainable development and to secure high quality design in the resultant development.</p>
16	<p>Cycle Parking Provision (Details)</p>
	<p>CONDITION: Details of the layout, design and appearance (shown in context) of the bicycle storage areas shall be submitted to and approved in writing by the Local Planning Authority prior to any superstructure works commencing onsite. The storage shall provide for no less than 64 cycle spaces.</p> <p>The bicycle storage areas shall be provided strictly in accordance with the details so approved, provided/erected prior to the first occupation of the development, and maintained as such thereafter.</p> <p>REASON: To ensure adequate cycle parking is available and easily accessible on site and to promote sustainable modes of transport.</p>
17	<p>Sustainable Urban Drainage System (Details)</p>
	<p>CONDITION: Details of surface drainage works shall be submitted to and approved in writing by the Local Planning Authority prior to any superstructure works commencing on site. The details shall be based on an assessment of the potential for disposing of surface water by means of sustainable drainage system. The submitted details shall include the scheme's peak runoff rate and storage volume and demonstrate how the scheme will achieve at least a 50% attenuation of the undeveloped site's surface water run off at peak times. The drainage system shall be installed/operational prior to the first occupation of the development.</p> <p>The development shall be carried out strictly in accordance with the details so approved and shall be maintained as such thereafter.</p> <p>REASON: To ensure that sustainable management of water and minimise the potential for surface level flooding.</p>
18	<p>Nesting Boxes (Details)</p>
	<p>CONDITION: Details of bird and bat nesting boxes shall be submitted to and approved in writing by the Local Planning Authority prior to any superstructure works commencing on site.</p> <p>The details submitted shall include the number of boxes, the exact location, specification and design of the habitats.</p> <p>The nesting boxes shall be provided strictly in accordance with the details so approved, installed prior to the first occupation of the building to which they form part or the first use of the space in which they are contained and shall be maintained as such thereafter.</p> <p>REASON: To ensure the development provides the maximum possible provision</p>

	towards creation of habitats and valuable areas for biodiversity.
19	<p>Roof-top Plant and Lift Overrun</p> <p>CONDITION: Details of any roof-top structures/enclosures shall be submitted to and approved in writing by the Local Planning Authority prior to any superstructure works commencing on site. The details shall include the location, height above roof level, specifications and cladding and shall relate to:</p> <ul style="list-style-type: none"> • roof-top plant; • ancillary enclosures/structure; and • lift overrun <p>The development shall be carried out strictly in accordance with the details so approved and shall be maintained as such thereafter.</p> <p>REASON: In the interest of good design and also to ensure that the Authority may be satisfied that any roof-top plant, ancillary enclosure/structure and/or the lift overruns do not have a harmful impact on the surrounding streetscene.</p>
20	<p>Future Connection</p> <p>CONDITION: Details of how the boiler and associated infrastructure shall be designed to allow for the future connection to any neighbouring heating and cooling network shall be submitted to and approved in writing by the Local Planning Authority prior to any superstructure works commencing on site. The agreed scheme shall be installed prior to the first occupation of the development hereby approved. The development shall be carried out strictly in accordance with the details so approved and shall be maintained as such thereafter.</p> <p>REASON: To ensure the facility is provided appropriately and so that it is designed in a manner which allows for the future connection to a district system</p>
21	<p>Accessibility Arrangements (Details)</p> <p>Details of the internal layout and arrangement of the basement level WCs, showers and safe refuges shall be submitted to and approved in writing by the Local Planning Authority prior to any superstructure works commencing on site.</p> <p>The development shall be constructed strictly in accordance with the details so approved.</p> <p>REASON: In order to ensure an appropriate standard of inclusive design.</p>
22	<p>Construction Management Plan and Construction Logistics Plan (Details)</p> <p>CONDITION: No construction works shall take place unless and until a Construction Management Plan (CMP) and a Construction Logistics Plan (CLP) have been submitted to and approved in writing by the Local Planning Authority.</p> <p>The reports shall assess the impacts during the construction phase of the development on surrounding streets, along with nearby residential amenity and other occupiers together with means of mitigating any identified impacts.</p> <p>The development shall be carried out strictly in accordance with the approved CMP and CLP throughout the construction period.</p> <p>REASON: In the interests of residential amenity, highway safety, and the free flow of traffic on streets, and to mitigate the impacts of the development.</p>
23	<p>Connection to 60 Pentonville Road gas CHP engine</p> <p>CONDITION: No superstructure works shall take place on site until an investigation into the feasibility of connection to the gas Combined Heat and Power (CHP) engine at No. 60 Pentonville Road has been undertaken. Should it be established that connection is not feasible or beneficial then evidence should be submitted to and approved in writing by the Local Planning Authority. Should connection to the</p>

	<p>CHP engine be demonstrated to be feasible and beneficial then a revised Energy Strategy should be submitted in accordance with Condition 13.</p> <p>REASON: In the interest of addressing climate change and to secure sustainable development.</p>
24	<p>Artificial Cooling (Details)</p> <p>CONDITION: Details of the operation of a system of artificial cooling for the building hereby approved shall be submitted to and approved in writing by the Local Planning Authority prior to the commencement of any superstructure works. The approved details of the system shall include a mechanism to prevent operation below a temperature to be agreed in writing by the Local Planning Authority. The system shall be operated strictly in accordance with the approved details thereafter.</p> <p>REASON: In the interest of addressing climate change and to secure sustainable development.</p>

List of Informatives:

1	<p>Planning Obligations Agreement</p> <p>SECTION 106 AGREEMENT</p> <p>You are advised that this permission has been granted subject to a legal agreement under Section 106 of the Town and Country Planning Act 1990.</p>
2	<p>Superstructure</p> <p>DEFINITION OF 'SUPERSTRUCTURE' AND 'PRACTICAL COMPLETION'</p> <p>A number of conditions attached to this permission have the time restrictions 'prior to superstructure works commencing on site' and/or 'following practical completion'. The council considers the definition of 'superstructure' as having its normal or dictionary meaning, which is: the part of a building above its foundations. The council considers the definition of 'practical completion' to be: when the work reaches a state of readiness for use or occupation even though there may be outstanding works/matters to be carried out.</p>
3	<p>Community Infrastructure Levy (CIL) (Granting Consent)</p> <p>INFORMATIVE: Under the terms of the Planning Act 2008 (as amended) and Community Infrastructure Levy Regulations 2010 (as amended), this development is liable to pay the Mayor of London's Community Infrastructure Levy (CIL). This will be calculated in accordance with the Mayor of London's CIL Charging Schedule 2012. One of the development parties must now assume liability to pay CIL by submitting an Assumption of Liability Notice to the Council at cil@islington.gov.uk. The Council will then issue a Liability Notice setting out the amount of CIL that is payable.</p> <p>Failure to submit a valid Assumption of Liability Notice and Commencement Notice prior to commencement of the development may result in surcharges being imposed. The above forms can be found on the planning portal at: www.planningportal.gov.uk/planning/applications/howtoapply/whattosubmit/cil</p> <p>Pre-Commencement Conditions:</p> <p>These conditions are identified with an 'asterix' * in front of the short description. These conditions are important from a CIL liability perspective as a scheme will not become CIL liable until all of these unidentified pre-commencement conditions have been discharged.</p>

4	Thames Water (Surface Water Drainage)
	<p>With regard to surface water drainage it is the responsibility of a developer to make proper provision for drainage to ground, water courses or a suitable sewer. In respect of surface water it is recommended that the applicant should ensure that storm flows are attenuated or regulated into the receiving public network through on or off site storage. When it is proposed to connect to a combined public sewer, the site drainage should be separate and combined at the final manhole nearest the boundary. Connections are not permitted for the removal of groundwater. Where the developer proposes to discharge to a public sewer, prior approval from Thames Water Developer Services will be required. They can be contacted on 0800 009 3921.</p>
5	Thames Water (Mains Water Pressure)
	<p>Thames Water recommend the following informative be attached to this planning permission. Thames Water will aim to provide customers with a minimum pressure of 10m head (approx 1 bar) and a flow rate of 9 litres/minute at the point where it leaves Thames Waters pipes. The developer should take account of this minimum pressure in the design of the proposed development.</p>
6	CIL Informative
	<p>Under the terms of the Planning Act 2008 (as amended) and Community Infrastructure Levy Regulations 2010 (as amended), this development is liable to pay the London Borough of Islington Community Infrastructure Levy (CIL) and the Mayor of London's Community Infrastructure Levy (CIL). These charges will be calculated in accordance with the London Borough of Islington CIL Charging Schedule 2014 and the Mayor of London's CIL Charging Schedule 2012. One of the development parties must now assume liability to pay CIL by submitting an Assumption of Liability Notice to the Council at cil@islington.gov.uk. The Council will then issue a Liability Notice setting out the amount of CIL payable on commencement of the development.</p> <p>Failure to submit a valid Assumption of Liability Notice and Commencement Notice prior to commencement of the development may result in surcharges being imposed and the development will not benefit from the 60 day payment window.</p> <p>Further information and all CIL forms are available on the Planning Portal at www.planningportal.gov.uk/planning/applications/howtoapply/whattosubmit/cil and the Islington Council website at www.islington.gov.uk/cilinfo. Guidance on the Community Infrastructure Levy can be found on the National Planning Practice Guidance website at http://planningguidance.planningportal.gov.uk/blog/guidance/community-infrastructure-levy/</p>

APPENDIX 2: RELEVANT POLICIES

This appendix lists all relevant development plan policies and guidance notes pertinent to the determination of this planning application.

1 National Guidance

The National Planning Policy Framework 2012 seeks to secure positive growth in a way that effectively balances economic, environmental and social progress for this and future generations. The NPPF is a material consideration and has been taken into account as part of the assessment of these proposals.

2. Development Plan

The Development Plan is comprised of the London Plan 2011, Islington Core Strategy 2011, Development Management Policies 2013, Finsbury Local Plan 2013 and Site Allocations 2013. The following policies of the Development Plan are considered relevant to this application:

A) The London Plan 2015 - Spatial Development Strategy for Greater London

1 Context and strategy

Policy 1.1 Delivering the strategic vision and objectives for London

2 London's places

Policy 2.9 Inner London

Policy 2.10 Central Activities Zone – strategic priorities

Policy 2.11 Central Activities Zone – strategic functions

Policy 2.15 Town centres

4 London's economy

Policy 4.1 Developing London's economy

Policy 4.2 Offices

Policy 4.7 Retail and town centre development

Policy 4.12 Improving opportunities for all

5 London's response to climate change

Policy 5.1 Climate change mitigation

Policy 5.2 Minimising carbon dioxide emissions

Policy 5.3 Sustainable design and construction

Policy 5.6 Decentralised energy in development proposals

Policy 5.7 Renewable energy

Policy 5.9 Overheating and cooling

Policy 5.10 Urban greening

Policy 5.11 Green roofs and development site environs

Policy 5.12 Flood risk management

Policy 5.13 Sustainable drainage

Policy 5.14 Water quality and wastewater infrastructure

Policy 5.15 Water use and supplies

Policy 5.18 Construction, excavation and demolition waste

Policy 5.21 Contaminated land

6 London's transport

Policy 6.3 Assessing effects of development on transport capacity

Policy 6.5 Funding Crossrail and other strategically important transport infrastructure

Policy 6.9 Cycling

Policy 6.10 Walking

7 London's living places and spaces

Policy 7.2 An inclusive environment

Policy 7.3 Designing out crime

Policy 7.4 Local character

Policy 7.6 Architecture

Policy 7.8 Heritage assets and archaeology

Policy 7.14 Improving air quality

Policy 7.15 Reducing noise and enhancing soundscapes

8 Implementation, monitoring and review

Policy 8.1 Implementation

Policy 8.2 Planning obligations

Policy 8.3 Community infrastructure levy

B) Islington Core Strategy 2011

Spatial Strategy	Policy CS13 (Employment Spaces)
Policy CS5 (Angel and Upper Street)	
Policy CS8 (Enhancing Islington's Character)	Infrastructure and Implementation
	Policy CS18 (Delivery and Infrastructure)
Strategic Policies	Policy CS19 (Health Impact Assessments)
Policy CS9 (Protecting and Enhancing Islington's Built and Historic Environment)	
Policy CS10 (Sustainable Design)	
Policy CS11 (Waste)	

C) Development Management Policies June 2013

Design and Heritage

DM2.1 Design
DM2.2 Inclusive Design
DM2.3 Heritage

Shops, culture and services

DM4.4 Promoting Islington's Town Centres

Employment

DM5.1 New business floorspace
DM5.4 Size and affordability of workspace

Energy and Environmental Standards

DM7.1 Sustainable design and construction statements
DM7.2 Energy efficiency and carbon reduction in minor schemes
DM7.3 Decentralised energy networks
DM7.4 Sustainable design standards
DM7.5 Heating and cooling

Transport

DM8.1 Movement hierarchy
DM8.2 Managing transport impacts
DM8.3 Public transport
DM8.4 Walking and cycling
DM8.5 Vehicle parking
DM8.6 Delivery and servicing for new developments

Infrastructure

DM9.1 Infrastructure
DM9.2 Planning obligations
DM9.3 Implementation

E) Site Allocations June 2013

AUS3 – 65-70 White Lion Street, N1 9PP

5. Designations

The site has the following designations under the London Plan 2011, Islington Core Strategy 2011, Development Management Policies 2013 and Site Allocations 2013:

- Chapel Market / Penton Street - Central Activities Zone (CAZ)

Conservation Area
- Angel and Upper Street Key Area

- Employment Growth Area (EGA)

6. Supplementary Planning Guidance (SPG) / Document (SPD)

The following SPGs and/or SPDs are relevant:

Islington Local Development Plan

London Plan

- Conservation Area Design Guidelines
- Planning Obligations and S106
- Urban Design Guide
- Environmental Design
- Development Viability

- Accessible London: Achieving an Inclusive Environment
- Sustainable Design & Construction Planning for Equality and Diversity in London

APPENDIX 3 – BPS Viability Review

Independent Viability Review by BPS Chartered Surveyors 65-70

White Lion Street, London, N1 9PW

9th May 2016

Planning Ref: P2015/4922/FUL

1.0 INTRODUCTION

- 1.1 BPS have been instructed by the London Borough of Islington ('the Council') to carry out an independent viability review of the Financial Viability Appraisal (FVA) regarding the redevelopment of 65-69 White Lion Street, N1 ('the Site'). This FVA has been created by ULL Property on behalf of 65-69 White Lion Street Limited ('the Applicant').
- 1.2 The Site is currently cleared and is, we understand, presently used as a car park. The buildings formerly on the Site were recently demolished - namely a warehouse and an office building.
- 1.3 The Site is 0.11 Hectares and is located within the London Central Activities Zone (CAZ), on the north side of White Lion Street and close to the Angel underground station. It lies on the northern side of White Lion Street between Baron Street and Godson Street, in the Chapel Market/Penton Street Conservation Area. The only access is from White Lion Street itself. The Site is surrounded by a mix of residential and commercial buildings, consisting of a three-storey office building in the south-western corner of the site and a former tyre retail warehouse currently used for car parking.
- 1.4 The planning application was received in November 2015 is for a modern office development from basement to fourth-floor level, to provide a total of 36,760 ft² (NIA) of B1 Use Class floorspace.
- 1.5 The Site has the benefit of an extant consent for a mixed use development consisting of retail/office space, and a combination of residential and serviced apartments (application reference P110256). This is for 20 serviced apartments, 6 residential flats and 2,164 sqm of office space. This application (P110256) was approved on 17 May 2015. The Site is allocated for redevelopment in the adopted Islington Site Allocations DPD (2013).
- 1.6 ULL argue that the application scheme cannot, based on present-day costs and values, afford to make any affordable housing contributions, deliver any on-site affordable workspace, or provide a payment towards off-site delivery of affordable workspace.
- 1.7 We have undertaken a viability review in the context of the planning policies that apply in this case, specifically those policies which require the provision of affordable workspace, and those which require that a proportion of new schemes' floorspace in this location should be housing. We have had reference to the Planning Statement by Icen Projects, and the Design, Access & Heritage Statement by Tasou Associates.
- 1.8 This Viability Review does not constitute a 'Red Book' valuation, therefore Valuation Practice Statements 1-4 of the Red Book (RICS Valuation - Professional Standards, January 2014) are not of mandatory application. The Valuation Date for this Viability Review is the date of this report, as stated on the title page. This Viability Review has been undertaken in accordance with our Terms & Conditions which have been provided to the Council, and with and any associated Letters of Engagement, and should only be viewed by those parties that have been authorised to do so by the Council.

Planning policy discussion - affordable workspace

- 1.9 **Policy CS13** of the Core Strategy seeks to encourage additional business floorspace in the Central Activity Zone and town centres. It also aims to deliver affordable workspace from major non-residential developments. CS13 requires, for schemes providing new employment space, “a range of unit types and sizes, including those suitable for SMEs”. This is further set out in the Council **Planning Obligations SPD** (paragraph 5.29-5.30) which states that on-site affordable workspace or retail space will be required from major non-residential developments:

“A proportion of small, micro and/or affordable workspace or affordable retail space is required from major non-residential developments for which the majority of floorspace is not in public education, community or social infrastructure uses (see CS 13 as well as DM4.1 and DM5.4 for more details). Direct provisions such as these are typically dealt with through conditions attached to a planning permission.

“Where it can be justified that a direct provision on site as specified through a planning condition is inappropriate or renders the development unviable, a financial contribution may be levied to support equivalent provision off-site....

- 1.10 The Council’s Development Management Policies set out the Council’s requirement with regards to employment floorspace in the Borough. Policy **DM5.1** concerns the provision of new business floorspace, and refers to the need to, “Allow for future flexibility for a range of uses, including future subdivision and/or amalgamation for a range of business accommodation, particularly for small businesses...” With respect to affordable workspace, policy **DM5.4**, stating that developments,

“Within Employment Growth Areas and Town Centres, major development proposals for employment floorspace must incorporate an appropriate amount of affordable workspace and/or workspace suitable for occupation by micro and small enterprises.”

“Where workspace is to be provided for small or micro enterprises, but is not within physically separate units, the applicant will be required to demonstrate that the floorspace will meet the needs of small or micro enterprises through its design, management and/or potential lease terms.”

“In exceptional circumstances, where the proportion of small, micro or affordable workspace to be provided on site does not meet the council’s expectation, and where it can be demonstrated that the on-site provision of such workspace is inappropriate or would have an unacceptable impact on the viability of a scheme, financial contributions will be sought to secure equivalent provision off-site, based on a cost per square metre of equivalent provision.”

- 1.11 The **Guidance on Affordable Workspace** (2014) requires the combined rent and service charge to be less than 80% of the average for comparable market rates:

“Council policy considers affordable workspace to be where rent and service charges, excluding business support services, are less than 80% of comparable market rates. Realistically though, for many sectors and locations in Islington rents need to be much lower than this to make them affordable to target occupiers. The Council’s Business and Employment Support Team will therefore negotiate rents with Affordable Workspace Providers on a case by case basis.”

- 1.12 The Council’s Business and Employment Support Team will therefore negotiate rents with Affordable ‘Workspace Providers’ on a case by case basis. The precise

level of rents that apply in the case of the application scheme would be a matter for further discussion. Planning Officers have informed us that in this case the required level of provision is 5% (100m²) of the total business floorspace. With respect to off-site provision, the Guidance on Affordable Workspace (2014) states:

“Off-site provision will be achieved by the council bringing redundant properties into use (e.g. converting vacant garages to workshops), or by the council working in partnership with the voluntary sector to secure improvements to existing workspaces or providing additional workspace.

“The off-site contribution will be negotiated on a case by case, cost per sqm basis. This will also be dependent on the outcomes of a viability assessment and discussions with the council.”

- 1.13 In line with this Guidance, we have sought to establish whether an off-site contribution can be delivered.

Planning policy discussion - residential floorspace

- 1.14 Policy **CS5** of the Core Strategy relates to the Angel & Islington part of the Borough, and sets out that business floorspace is protected in this location:

“Business floor space will be protected from change of use and opportunities for office-led mixed use development, through intensification of uses to contribute to wider employment growth in the borough, will be encouraged.”

- 1.15 **London Plan Policy 4.3** states that increases in office floorspace within the Central Activities Zone should provide a mix of uses including housing, unless such a mix would demonstrably conflict with other policies in the plan.

- 1.16 The Council’s **policy DM5** seeks to secure 20% of the uplift in floorspace of a new office-led development in this location as residential. In cases where on-site provision is not appropriate, an off-site payment will be sought, and will be calculated in accordance with para 6.27 of the Council’s *Supplementary Planning Document*:

“Increase in office floorspace (sq m) x 20% minus uplift in residential floorspace divided by average residential unit size (75 sq m gross internal area) = number of additional housing units that could be achieved.

“Contribution due = number of additional housing units that could be achieved (see above) x £50,000 (for sites in the north and middle parts of the borough) or x £60,000 (for sites south of Pentonville Road/City Road), in line with the Council’s Small Sites Affordable Housing Policy (see Chapter 6) x the Council’s affordable housing requirement (50%).”

- 1.17 Planning Officers have calculated the maximum affordable housing payment as follows, using the above calculation:

- Floorspace uplift = 4233 sqm
- 4233 X 20% = 846.6
- 846.6 / 75 = 11.288
- 11.288 X £60,000 = £677,280
- £677,280 / 2 = **£338,640**.

- 1.18 This figure of £338,640 is very similar to the £332,400 calculated by ULL. The GIA used by ULL is 4,155 which compares to 4,233 sqm the Council have used. It will need to be clarified which is the correct figure.

2.0 CONCLUSIONS AND RECOMMENDATIONS

- 2.1 ULL's viability assessment adopts total costs of £27.36m and total sales of £37.091m, leading to a Residual Land Value of £9.732m. This has been compared to Benchmark Land Value of £9,856,000, which results in financial deficit of - £124,000.
- 2.2 The Council's policies make it clear that on-site delivery of "small, micro and/or affordable workspace" will not be required when such delivery would render the scheme unviable. In this case, we have suggested some changes to the inputs into ULL's viability assessment.
- 2.3 With respect to the office space, we would expect the substantial difference between the consented and proposed offices to be reflected in the appraisal. We would expect a considerably lower yield for the proposed office relative to the consented office.
- 2.4 For these reasons we suggest that a yield differential is appropriate, and we have for the time being increased the yield from 5.25% to 6% to the consented scheme's offices. In addition, we have reduced the application scheme's yield from 5.25% to 5.0%, and have questioned the assumption by ULL that this office would be sold as a long-leasehold investment.
- 2.5 In our revised version of ULL's appraisal, we have removed the 're-letting void' from the application scheme's office investment valuation, which increases the Net Development Value by £1.53m. We have also removed this from the consented scheme valuation - the reason being that the cost of future re-letting should be factored into the All Risks Yield that has been adopted.
- 2.6 We have also made some adjustments to the rents (as discussed further in para 4.12) to reflect the superiority of the application scheme.
- 2.7 The letting void is 12 months in the application scheme's appraisal, and the £2.25m of finance costs over this period appear high. In our appraisal revisions, we have not made any adjustments to these costs as of yet, but we would need further justification that the finance costs during the letting void period are reasonable.
- 2.8 It appears likely in our view that a pre-let could be secured for the application scheme's offices; therefore we suggest that the void period of one year applied to the application scheme's residual valuation may be somewhat pessimistic. Reducing this void would reduce the finance costs considerably. We calculate that by decreasing the letting void to 6 months, this would increase the surplus by £0.95m. We have factored this in to our surplus calculations.
- 2.9 By comparison, the void period for the consented scheme's offices is 6 months, which we would not dispute, as there is ample demand from small businesses looking for space in the Islington area.
- 2.10 The results of our revised appraisals are as follows:
- Net residual value of the application scheme increased from £9.73m to £13.68m.
 - Net residual value of consented scheme reduced from £9.86m to £7.94m.

- 2.11 The revised figures result in a £5.74m surplus when this benchmark is deducted from the application scheme's residual value. This would allow sufficient surplus for the £338,640 maximum affordable housing payment to be delivered. It would also allow a maximum payment towards off-site delivery of affordable workspace, although this payment has not yet been calculated. The *Guidance on Affordable Workspace* states that this off-site contribution "will be negotiated on a case by case, cost per sqm basis" and that this negotiation "will also be dependent on the outcomes of a viability assessment and discussions with the council".
- 2.12 As stated below (2.18 to 2.20), the costs estimate for the application scheme and consented scheme both appear to be below BCIS rates. If BCIS rates were to be adopted, this would act to reduce the £5.74m development surplus considerably (by approximately £1.46m, after allowing for related changes to finance costs and fees etc), although further discussion is required in order to reach a firmer conclusion regarding costs.
- 2.13 In the appraisal, the site purchase costs are calculated based on the net residual value, when they should instead be based on the benchmark land value. This would further increase the scheme surplus. We have not as of yet factored this suggested change into our revised appraisals.
- 2.14 With respect to on-site delivery of affordable workspace, this is, we understand, preferred to off-site delivery, as DM5.4 states that, "Where it can be demonstrated that the on-site provision of such workspace is inappropriate or would have an unacceptable impact on the viability of a scheme, financial contributions will be sought to secure equivalent provision off-site." We therefore conclude that it is necessary for the applicant
- 2.15 Whilst we recognise that there may well be difficulties with delivering affordable workspace, nevertheless this option would need to be explored fully by the applicant by way of an alternative scheme design and a development appraisal to test this alternative.
- 2.16 We have considered the potential for incorporating an element of 'affordable' office space in the scheme, in the form of a small office unit catering to small & medium sized firms. We have been guided by Islington's *Guidance on Affordable Workspace* (December 2014), which requires 5% of office floorspace to be 'affordable'. This would require most likely a separate entrance for this unit, which would in turn reduce the floorspace available at full market rents. We would also anticipate that the achievable investment yield for the whole building would be negatively impacted by the inclusion of affordable workspace. It is asserted by ULL that area (NIA) of the office - at 37,000 sq ft - is the minimum required make the building attractive as a 'headquarters building', which is an assertion that would need to be further evidenced to show that lower-sized 'headquarters' requirements are not available. Other potential impacts of including affordable workspace are:
- Provision of additional services (to cater for the small unit) increases overall build costs
 - Reduced natural light - due to reduced lightwell in order to protect privacy of separate tenants
 - Reduced attraction of building to large occupiers due to being non-sole occupancy, and potentially lower lease lengths achievable
 - Increased service charges

- 2.17 Other than those matters discussed above, we are in agreement with the inputs into appraisal, including:
- other cost allowances, such as purchaser's costs and agent's fees;
 - development periods (with the exception of the void period of the application scheme's office);
 - the values applied to the consented scheme's serviced apartments (£1,150 per sqft) and the C3 residential units;
 - the Developer's Profit allowances.
- 2.18 The build costs for the application scheme have been fully reviewed by our Cost Consultant, Neil Powling (see Appendix Two). He has benchmarked this scheme as a 6 storey air-conditioned office building. The adjusted benchmark is £3,327/m² compared to the Applicant's £2,655/m² - a difference of £2,829,000. It is, however, common for BCIS average rates to differ from those relating to individual schemes, therefore it is necessary for a further level of detail to be provided regarding the cost items in the cost plan so that Neil Powling can determine whether these costs are realistic. Neil notes that BCIS rates for offices can typically be based on a very high specification and give a high rate per sqft which will not necessarily be matched by other schemes.
- 2.19 Regarding the consented scheme's build costs, we suggest an increase of £1.62m to the £10.39m figure that has been adopted in the appraisal. This revised figure of £12.01m adopts the cost rate of £3,327 per sqm that Neil Powling has estimated for the application scheme, and uses BCIS rates for the residential element, with adjustments made for substructure costs (to be consistent with the application scheme). We require a copy of the Cost Plan for the consented scheme so that a more detailed review can be undertaken.
- 2.20 To summarise our current conclusion regarding build costs, these appear to be lower than BCIS rates in the case of both the application scheme and consented scheme. The overall effect of this would be to act to improve viability by reducing the deficit; the net effect of the build cost changes is a £1.46m improvement in viability, as a result of the suggested increase in costs being greater for the application scheme than for the consented scheme. These changes reduce our suggested surplus from £5.74m to £4.28m
- 2.21 In conclusion, there appears, based on our revision to the appraisal, to be a substantial surplus - which we calculate at £4.28m - available from the application scheme, from which affordable housing contributions and affordable workspace contribution could be made, and it would need to be tested whether it would be viably and practically feasible for this affordable workspace contribution to be in the form of on-site delivery.

3.0 OFFICE VALUES - APPLICATION SCHEME

Rents

3.1 The rents applied to the application scheme's office space are £60.00-£62.50 per sq ft for the upper floors and £42.50 per sqft for the lower ground floors. We have undertaken analysis of lettings evidence below:

Office letting comparables

Address	Start Date of Lease	Rent (p/a)	GIA (ft2)	£/ft2	BPS Comments/ comparison to application scheme's offices
3 Angel Square, EC1V	Mar-16	£543,510	9,882	£55.00	Retail space on ground floor, office space on ground and all upper floors. Grade A.
	Nov-15	£117,598	2,767	£42.50	
	Oct-15	£176,580	3,240	£54.50	
	Aug-15	£260,535	4,737	£55.00	
172-176 Kings Cross Road, WC1X	Nov-15	£251,540	3,821	£65.83	Six floors, all office space. Recently refurbished. Superior location to site (approximate to King's Cross Station).
7 Caledonian Road, N1	Oct-15	£94,990	1,751	£54.25	Georgian construction, extensively refurbished in 2006. Likely Grade B. Superior Not a new build, hence rent will reflect lack of premium. Subject will be Grade A and hence should expect higher.
210 Pentonville Road, N1	Oct-15	£279,045	4,293	£65.00	10 floors (top half offering views). This example is bottom floor. Grade A. Superior location to site (approximate to King's Cross Station).
22 Angel Gate, City Road, EC1V	Sep-15	£131,995	2,778	£47.51	Health Management rent across 3 floors. Grade A.
The Market Building, Rosebery Avenue, EC1R	Aug-15	£95,313	1,525	£62.50	Former warehouse. Basement - 4th floor. Grade A. Not purpose built like subject will be.

3.2 The example of 210 Pentonville Road, N1, at £65 per sqft, shows that substantial levels of rents can be secured in this area. However, 210 Pentonville Road is in a marginally superior location. The letting cited is of a lower-floor unit, therefore the upper floors of the application scheme offices may be superior in this respect. Overall, this suggests that £60.00-£62.50 per sqft is reasonable for the proposed offices.

3.3 Some of the other comparable lettings, including 7 Caledonian Road, suggest that £60.00-£62.50 per sqft is reasonable for the upper floors, taking into account that these will be new-build and to a Grade A specification. We note below that it appears a rent of £60 per sqft has been applied to *all* the upper floors.

3.4 With respect to the basement space, this is £42.50 per sqft. We agree that it is appropriate to apply a discount relative to the upper floors, based on our experience of other schemes in London.

Yields

- 3.5 The yield applied to the accommodation is 5.25%. We agree that this type of office (Grade A, single-occupied by a quality tenant) will be likely to secure the consent of an institutional investor, which suggests that there is a strong potential for considerable interest from the investment market, thereby the potential to achieve a low yield.
- 3.6 ULL assume a long leasehold sale of the building. Given that this is to be a single-occupied office building, with no other uses, it would be typical to assume that the building would be sold freehold to an institutional investor. This would be a 'rational' approach as it would maximise investment value - the reason being that long leasehold investments typically achieve a higher yield (thus a lower price) than freehold investments, partly because in the latter case the holder of the interest has greater control over its asset. We have therefore assessed the yield on the basis of a freehold interest, on the principle (stated in RICS Guidance) that viability assessments for planning purposes should consider the approach of a 'typical', rational landowner, rather than be specific to the applicant in question.
- 3.7 There is limited investment transaction evidence of offices in the immediate vicinity of the application site, which makes the estimation of a yield problematic. We discuss below some recent transactions, taking into account the effect of location on investor sentiment. Many of these comparable transactions are from superior locations, including those closer to Kings Cross and the City.
- 3.8 With respect to an office in Tavistock Place, in a recent assessment by Crossland Otter Hunt of achievable net yields for a fully refurbished (high-quality, Grade B) office, they advised that 4.75%-5.0% is realistic. This is to the south-west of the application site and is in a marginally superior location as it is closer to King's Cross rail terminal. This suggests that 5.25% is perhaps marginally cautious for a new-build, Grade A, single-occupied building in White Lion Street.
- 3.9 The location of the property, close to Angel tube station, is in the City Fringe and cannot be expected to achieve as low yields as buildings in the City and those near the site of the under-construction Farringdon Crossrail station. We discuss some key transaction below:
- 20 Red Lion Street, Sandland Street, WC1R 4QN. Achieved a net initial yield of 5.0%. Sold Feb 2015. Recently fully refurbished. Modern building. Located in a superior location, to the south of the Site. Refurbished in 1998. Single occupancy, by a Patent Office. High quality office building.
 - 2 Bedford Row. Listed, prestigious Georgian building. Achieved a 4.4% yield (not mentioned whether this is a gross or net yield). Entire building let to a law firm.
 - Saffron Court, St Cross Street, EC1N 8XA. This sold at a 5.25% net initial yield, in August 2015. 1960s building. Six storeys. In close proximity to John Street, and near Farringdon station.
 - Isis House, 74 New Oxford Street, WC1A 1EU (grade A - 4.1% yield), achieved in January 2015. Refurbished effectively to a new-build standard in 2013, including a glass façade. Excellent location. Grade A specification, including air conditioning. Would expect considerably higher yield for application scheme's offices, given their inferior location.

- Wakley Street (Grade B office) - yield of 6.75% applied by office agency Strettons in a recent viability assessment. Given the poor quality of this building, much lower yields can be expected for the application scheme's offices.

3.10 Based on the above, we suggest that a net initial yield of circa 5% is realistically achievable for this proposed office building.

Rent-free periods & void periods

3.11 A rent free period of 6 months is adopted. This is on the assumption that a 5 year lease is granted, so in the context of this relatively short lease, 6 months is not unrealistic. We would expect a longer lease to be secured, given that this office building is expected to sell to a large corporate occupier as an 'HQ' building.

3.12 A void period of one year is assumed as part of the development period; the development period shows November 2017 as the date the completed office is sold, and practical completion is assumed to be at November 2016 - a year before the building is sold. The letting is assumed to occur November 2017. It appears likely in our view that a pre-let could be secured, therefore we suggest that this void period may be somewhat pessimistic. This is an important consideration as the finance costs are substantial for the letting void period, at £2.026m.

3.13 In addition, a 're-letting void' of one year has been deducted. This is calculated as one year of rent (£2.08m) which has been discounted by 5 years back to a present-day value of £1.53m; this is based on the assumption that the tenant vacates at the end of the 5-year lease, resulting in a year-long void. This is a highly cautious assumption in our view, given that this is expected to be an HQ building that will be intended no doubt to be a long-term occupational solution. We would therefore not recommend assuming vacation after 5 years, especially because a longer lease could likely be secured for this type of office. Moreover, any potential risk of vacation and consequent voids, is *implicit* within the 'all risk yield' - as it is with the comparable investment transactions' yields; therefore the inclusion separately of a re-letting void could be regarded 'double-counting' as such a risk should have already been factored into the yield. Removing the re-letting void increases the Net Development Value by £1.53m.

4.0 BENCHMARK LAND VALUE

4.1 The Benchmark Land Value estimated by ULL is £9,856,000, which is an Alternative Use Valuation (AUV) of the consented mixed-use scheme (P110256). The National Planning Policy Framework confirms that a benchmark "*may include the current use value of the land or its value for a realistic alternative use that complies with planning policy*", which indicates that an AUV approach is suitable in this case, wherein the AUV scheme has already secured planning permission.

4.2 The consented scheme is a part 3-, 4- and 5-storey building, which would include a basement comprising 1,445 m² of B1 floorspace, 673m² of A1/A2/A3/B1 floorspace, 20 serviced apartments, and 6 flats. It appears that the A1/A2/A3/B1 units have been valued as B1 in the AUV appraisal.

4.3 In 2014, the site was put up for sale through Savills with this consented planning permission. Land Registry confirms the current owner of the site '65-69 White Lion Street Limited', therefore we presume it has not been sold.

Office yields

- 4.4 The gross yield applied by ULL to the office rental income is 5.25%. This is the same yield as has been applied to the application scheme’s offices. We have considered whether these two types of offices should be assigned the same yield. The application scheme appears to be superior from an investment market point of view; it is described by ULL as a ‘headquarter building’ which would be in single occupation to a multinational-sized firm, which would have a high covenant strength. By contrast, the consented scheme offers six relatively small (up to 3,788 sq ft) offices that would be aimed at ‘new businesses’, according to the applicant’s advisers. These new businesses would have lower covenant strengths and likely shorter leases than the application scheme’s office space. Moreover, we note that it is common for multi-tenanted offices to achieve higher yields relative to those achieved by single-occupied offices. For these reasons, we suggest that a yield differential is appropriate, and we have for the time being applied an increase to 6%.
- 4.5 We have undertaken further analysis of investment sales in **Appendix One**.

Office rents

- 4.6 The rents are likewise at the same level as for the application scheme. We have considered whether it is realistic for smaller offices to achieve the same rents as larger offices. We would not expect - all other things being equal - a greatly different rent per ft² for small units relative to larger office units. However, if the specification is different and if different facilities are being provided, then this may lead to a differential in rents being suitable.
- 4.7 The rent is £53.57 per ft² for the consented offices, and £56.59 per ft² for the application scheme offices. ULL state that the upper floors are given a rent of £60-£62.50 per ft², however the table we have created below indicated that all the upper floors have been assigned a £60 per ft² rent:

Application scheme - office rents

area (sq ft)	floor	rate per sq ft	rent totals
7,169	Basement	42.50	304,683
6,889	Ground	60.00	413,340
6,480	First	60.00	388,800
7,234	Second	60.00	434,040
5,694	Third	60.00	341,640
3,294	Fourth	60.00	197,640
36,760		56.59	2,080,143

- 4.8 The rents below for the consented scheme match the overall rate per ft² that have been applied in the appraisal:

Consented scheme - office rents

Unit	Floor	rent per sq ft	area	rent totals
Unit1(A1/A2/A3/B1)	Basement	42.50	1,667	70,848
Unit2(A1/A2/A3/B1)	Basement	42.50	1,958	83,215
Unit3	Basement	42.50	3,778	160,565
Unit1(A1/A2/A3/B1)	Ground	60.00	914	54,840
Unit2(A1/A2/A3/B1)	Ground	60.00	1,722	103,320
Unit4	Ground	60.00	3,735	224,100
Unit5	First	60.00	3,756	225,360
Unit6	First	60.00	2,572	154,320
		53.56	20,102	1,076,568

- 4.9 It is common for a higher rent to be achieved for upper floors of London office buildings. We note that the 3rd and 4th floors of the application scheme have substantial terraces. The proposed scheme has a large reception area which will increase the prestige of the building, whereas the consented scheme's appears to be considerably smaller and is shown in the Design & Access Statement as shared with the serviced apartments, although the plans show this as split by a dividing wall which makes two 'thin' receptions - one for the offices and one for the residential; either way, the result is a relatively poor quality reception.
- 4.10 Comparing the 3rd and 4th floor of the application scheme with the ground and first floor of the consented scheme, suggests clearly in our view that the latter are superior and therefore applying same rent to these (£60 per sqft) does not appear to be justified.
- 4.11 The floor-to-ceiling heights are 3.0 metres (which we presume is measured 'slab-to-slab') for the application scheme offices, but we have not received these details for the consented offices. If the latter's heights are lower than 3 metres, this could justify a reduction in office rents.
- 4.12 Taking into account the reception issues and the impact of terraces on rents (this being a sought-after facility), we suggest that a lower rent is appropriate, and have applied a conservative reduction of £5 per sqft. And we have increased the application scheme's upper floors to £62.50 per sq ft.

Application scheme - revised rents

Unit	Floor	rent per sq ft	area	rent totals
Unit1(A1/A2/A3/B1)	Basement	37.50	1,667	62,513
Unit2(A1/A2/A3/B1)	Basement	37.50	1,958	73,425
Unit3	Basement	37.50	3,778	141,675
Unit1(A1/A2/A3/B1)	Ground	55.00	914	50,270
Unit2(A1/A2/A3/B1)	Ground	55.00	1,722	94,710
Unit4	Ground	55.00	3,735	205,425
Unit5	First	55.00	3,756	206,580
Unit6	First	55.00	2,572	141,460
		48.56	20,102	976,058

Consented scheme - revised rents

area (sq ft)	floor	rate per sq ft	rent totals
7,169	Basement	42.50	304,683
6,889	Ground	60.00	413,340
6,480	First	60.00	388,800
7,234	Second	60.00	434,040
5,694	Third	62.50	355,875
3,294	Fourth	62.50	205,875
36,760		57.20	2,102,613

4.13 We have adopted these updated rents in our revisions to ULL's appraisal.

Office rent-free & void periods

4.14 The rent free period is 6 months for the consented offices, while the assumed lease term is 10 years (compared to 5 years for the application scheme's offices). There is a close relationship and correlation between length of rent free period and length of lease. We view a 10 year lease as being an excessive length for these small office units that will be aimed at 'new businesses'. Conversely, the 5-year lease applied to the application scheme office seems even more debatable when viewed in comparison to the 10-years for the small units. Shorter leases are typically more common with smaller and less well-established firms, whereas large corporations more commonly opt for longer leases.

4.15 The re-letting void is calculated as a year's rent (£1.08m) which is discounted back by 10 years to a present-day value of £0.61m. This longer lease period has the effect of reducing the re-letting void by a greater proportion than is the case with the application scheme appraisal (in which the re-letting occurs after only 5 years).

4.16 In our revised appraisal, we have removed the re-letting void entirely, and we have reflected in the investment yield what is in our view the greater risk associated with the consented offices, as the tenants will have lower covenant strengths and will likely have shorter leases.

4.17 These six units average 3,350 sqft (NIA), which is a relatively small size, and would likely attract tenants looking for flexible lease terms.

Residential Values

4.18 ULL have provided some comparable sales evidence in order to justify their £1,150 per ft² prices for the consented residential units. In the following table, we show recent sales, which we have inflated up to present-day values using the Land Registry's House Price Index.

Transactional Evidence for Similar Flats to the Consented Scheme

Address	Unit Type	Sale Date	GIA (ft2)	Sale Price	£/ft2	Modern Values		BPS comments/comparison with consented scheme's apartments
						Sale Price	£/ft2	
Flat 2, 60 White Lion Street, N1	1-bed	Dec-15	822	£765,000	£931	£769,506	£936	Not a new build (built 2003) therefore not benefitting from new build premium. Adjacent to subject site. Larger GIA will make for lower £/ft2 values. Due to second-hand nature, would expect subject to demand higher £/ft2.
43	1-bed	Oct-	501	£510,000	£1,018	£521,117	£1,040	Further from the stations. Further

Batchelor Street, N1		15						from amenities and public transport. This, and the lower specification of this comparable, means we would expect a lower value than the consented units.
23 Cloudesly Street, N1	1-bed	Nov-15	409	£460,000	£1,125	£464,639	£1,136	Much further from public transport. On pleasant road with plenty of parking. Nicely refurbished. Although there is no new build premium, we would expect very similar values on the consented flats as this example, based off of specification.
13a Claremont Square, N1	2-bed	Jan-16	786	£1,195,000	£1,520	£1,204,132	£1,532	Maisonette. Not a new build, but good specification Victorian conversion can be just as attractive, if not more so. Very central location. Due to the beauty of the façade, we would agree this is valued higher than the consented flats could achieve.
Flat A, 1 Inglebet Street, EC1R	2-bed	Oct-15	721	£960,000	£1,331	£980,926	£1,361	Ground floor maisonette also in a Victorian conversion. Further from public transport. We would expect this property to be slightly more valuable than the consented flats.
20 Cruikshank Street, WC1X	2-bed	Sep-15	980	£890,000	£908	£914,478	£933	Top floor of period conversion. Beautiful exterior. On a pleasant street. However, is currently opposite building works, potentially justifying lower value. Maisonette. Not a new build (would expect higher values from consented flats because of premiums).
30a Claremont Square, N1	2-bed	Sep-15	1,095	£1,175,000	£1,073	£1,207,317	£1,103	Views of a green park, opposite. Victorian conversion. Ground and Lower Ground maisonette. Lower Ground tends to encourage lower values. Also GIA is much higher, lowering the £/ft ² . We would expect very similar (bottom end) values for the consented scheme.

4.19 Not all examples were transactional pieces of evidence, as some are asking prices. Typically, transactional evidence is more reliable than market asking prices, and we have bared this in mind when analysing these given comparables.

Table - Market Asking Prices for Similar Residential Flats in Locality of Site

Address	Unit Type	Asking Price	GIA (ft ²)	£/ft ²	Additional Comments
Islington Square, Almeida Street, N1	1B	£940,000	624	£1,506	Due for completion Q4 2017
The Lexicon, 261 City Road, EC1V	1B	£725,000	560	£1,295	New build, 15th Floor, due for completion 2016. Views and scale of onsite amenities make this example more valuable than the subject.
White Horse Yard, Liverpool Road, N1	2B	£950,000	875	£1,086	Office conversion, not a new build and not purpose built. The subject will therefore benefit with a premium over these properties.
	2B	£1,295,000	1,289	£1,005	
	2B	£1,100,000	1,048	£1,050	
	2B	£1,400,000	1,381	£1,014	
	3B	£1,975,000	1,825	£1,082	

- 4.20 In light of the above evidence, BPS would suggest that £1,150 per sq ft is an appropriate figure for the consented residential flats.

Serviced Apartment Values

- 4.21 The serviced apartments will have the benefit of room service, laundry service, housekeeping and 24-hour concierge. The apartments consist of two wheelchair accessible units (Apartment 01 and 14) and ensuites.
- 4.22 When valuing hotel, boarding or guesthouses, a consideration of location is essential. As occupiers will be there for a definite time and expecting an element of convenience, location is a primal valuation factor. White Lion Street is busy but not a tourist or business hub per se, and whilst the surrounding area offers no immediate greenery or pleasant views, it is a walking distance away from Angel Underground station.
- 4.23 These 20 apartments were the subject of a ten-year lease offer in 2012 from Go Native for £500,000. We agree that this is highly suitable evidence for the purposes of estimating a market rent. ULL have applied a 5% increase to this to reach a £525,000 present-day rent. The offer in 2012 would likely have factored in expectations of rental growth up to the date when rent would become payable, which appears to be assumed as the date of practical completion, based on the estimated development period is 2 years and 3 months. Therefore this would likely represent a view of expected rents in 2014-15. In this context, the 5% increase used to bring the rents up to *present-day* (Q2 2016).
- 4.24 We have looked at JLL and Savills' research (as have ULL) on the London hotel market, as the serviced apartments can be considered as a niche within the wider hotel/short-term accommodation market. This research shows that from 2014-2015 average rates increased by 2.5%, with a forecast for this to lead to a 3.5% increase in 2015. This suggests that the 5% increase applied by ULL is reasonable.
- 4.25 The serviced apartment rent has been capitalised with a 5.75% yield, on the advice of JLL's hospitality market experts who advised 5.5-6.0%. ULL state that they have been involved in a similar apart-hotel scheme in which similar rents and yields were applied. Our own research indicates that for serviced apartments a yield of circa 6% is realistic for London, and that 5.75% is reasonable in the case of the consented scheme.
- 4.26 Due to the consented project containing below ten C3 class residences, it was not required to provide contributions towards affordable housing. This benchmark is hence policy compliant.

Contingency & Planning Obligations

- 4.27 The total Section 106 and Mayoral Community Infrastructure Levy (CIL) contributions that have been paid to date in respect of the existing planning consent are £607,268. Therefore, according to ULL, the remaining uplift for the new scheme is £92,334 in Mayoral CIL and £62,448 in Borough CIL, whereby Islington CIL is chargeable at a rate of £80/m² and Mayoral CIL is chargeable at a rate of £50/m².

Build costs

- 4.28 Regarding the consented scheme’s build costs, ULL state, “We have applied construction costs on a pro-rata basis compared with the gross internal floor area of the application scheme Budget Cost Plan”. Our Cost Consultant, Neil Powling, has considered the costs that have been applied to the consented scheme. Neil has applied the same build cost rate as the application scheme to the office elements but a BCIS rate to both serviced and residential apartment gives a total build cost of £9.92m.

“On the basis that the consented scheme of mixed office and residential would have a similar basement and substructure to the Application scheme - I have added a sum to allow for the additional cost of the substructure to the residential element of the building. This means that the substructure is at a similar rate per sq m for both the office and the residential elements of the building. This gives a total construction cost for the Consented scheme of £10,462,505.

“It would of course be far more satisfactory if the Applicant could provide a cost plan for the consented scheme in similar detail as already available for the Application scheme.

“I note that this cost is now slightly more than the Applicants construction cost in the Consented appraisal of £10,391,039.”

NIA ft ²	NIA m ²	Same as application scheme Efficiency 81.1%	GIA m ²		£/m ²	£Tot	
20,102	1,868		2,303	office	2,655	6,114,559	Rate from cost plan for application scheme
4,572	425		524	resi apts	2,131	1,115,912	From BCIS
8,991	835		1,030	serviced apts	2,131	2,194,481	
			1,554	Total residential - Additional cost of substructure as for the Application scheme	348	540,993	BCIS rate for substructure £148/m ² - Applicants cost plan for office scheme is £502/m ²
				Add extl wks on both apts	15%	496,559	
<u>33,665</u>						<u>10,462,505</u>	

- 4.29 This compares to £10.39m that has been adopted in appraisal. The rate of £2,655 per m² that has been applied to the offices is the rate used in CMC’s Cost Plan for the application scheme. As is discussed further in the Cost Review (Appendix One), Neil Powling has estimated a rate of £3,327 per m² for the offices, based on BCIS average tender prices for office schemes. Applying this rate to the consented scheme’s offices, increases the £10.46m (in the table above) to £12.01m, which is a £1.62m increase.
- 4.30 Neil was unable fully scrutinise the consented scheme’s cost as we were not provided with the Cost Plan was supposed to have been in Appendix 4 of the FVA. We are awaiting this information, requested 15th April 2016.

5.0 BUILD COSTS (APPLICATION SCHEME)

- 5.1 The build costs for the application scheme have been fully reviewed by our Cost Consultant (see Appendix Two). He has benchmarked this scheme as a 6 storey air-conditioned office building. The adjusted benchmark is £3,327/m² compares to the Applicant’s £2,655/m² - a difference of £2,829,000. It is, however, common for BCIS average rates to differ from those relating to individual schemes, therefore it is necessary for a further level of detail to be provided regarding the cost items in the cost plan so that Neil Powling can determine whether these costs are realistic.

- 5.2 Neil notes that BCIS rates for offices can typically be based on a very high specification and give a high rate per sqft which will not necessarily be matched by other schemes.
- 5.3 Professional fees at 12% of construction costs are sensible. ULL have incurred agent's fees of 1% of purchase price, legal fees at 0.5%, and Stamp Duty Land Tax (SDLT) at 5%, all of which are suitable. A 7% interest rate is reasonable as a blended cost of capital, including arrangement and exit fees. ULL state that it is the lower end of funding costs for a project of this nature.
- 5.4 The development period for the application scheme is shown in the appraisal as starting February 2015 (which is the assumed date of site purchase) and November 2017 (which is the date the completed office is sold). Practical completion is assumed to be at November 2016 - a year before the building is sold. The finance cost section of the appraisal shows a finance costs of £2.025m, which appear to be high for this period, which is 13 months (November 2016 to December 2017). By contrast, the construction finance costs are £606,744, despite this being a longer period (18 months). Whilst some of this can be explained by construction costs being calculated using an s-curve, we would need further justification that the finance costs during the letting void period are reasonable.

6.0 AFFORDABLE HOUSING (AH)

- 6.1 According to London Plan Policy 4.3 and Islington's Local Plan DMP 2013, increases in office space should provide for a mix of uses, including residential accommodation, unless the housing element of the scheme would be inappropriate or comprise less than 20% of the overall scheme. BPS agree that this in an incidence in which on-site affordable housing would be inappropriate, given that the entire building will be purpose-built for office tenants.
- 6.2 Contribution towards off-site AH has been calculated at a rate of £60,000 per unit, multiplied by the 11.08 additional housing units that could be achieved, and then halved (to match the 50% AH that is policy), thus £332,400.

Affordable Workspace

- 6.3 Implementing the policy would involve minimum 5% of the total amount of business floorspace to be provided as affordable workspace. Council policy advises that 'what is defined as "affordable" will vary dependent on the location and the type of workspace provided'. Being in an expensive area justifies pushing the affordable £/ft² boundary up to £30/ft².
- 6.4 The inclusion of affordable workspace will remove the option for single tenancy. This may have a negative impact on investors' interest and yields. Access and servicing might also suffer, unless the affordable units were to have their own entrance.

7.0 CAR PARKING AND ADDITIONAL AMENITIES

Car Parking

- 7.1 There does not appear to be any provided car parking on-site. The site is local to public transport services and other car parks in the area, so this should not be an issue.

Outdoor Space and Landscaping

- 7.2 The project provides green roofs to encourage biodiversity and roof terraces at the rear of the site, fit with privacy screens for the benefit of nearby residents. There will also be small courtyards mainly for the benefit of the lower levels of the scheme, which will be landscaped with a range of planting and rainwater collection tanks to maintain the gardens. These outdoor spaces are set back from the busy street, and raise the value of the scheme.

Appendix One: Further analysis of investment transactions

Table: Analysis of ULL's Provided Capitalisation Rates Comparables

Address	Sale Date	Sale Price	GIA (ft2)	£/ft2	Initial Yield	Rental Income (p/a)	Rent/ft2	Explanatory Comments	BPS Comments
2 Pear Tree Court, EC1R 0DS	Sep-15	£15,500,000	14,025	£1,105	3.74%	£455,000	£32	Mid-terrace office building. ULL say superior location to site.	Modern looking development down a narrow street. Very close to Farrington station. Central location. BPS agree that this is in a superior location, but suspect the subject will be of a very similar (if not superior) spec and thus demanding similar prices.
16-17 Bowling Green Lane, EC1R 0QH	Aug-15	£8,874,575	7,888	£1,125	3.76%	Information not provided.		Grade II listed building. Five floors, all offices.	Rent for 1,661ft2 is currently being quoted at £45/ft2 (atlanticpartners.uk.com). Suspect Grade B. Pretty façade. Can see this property making similar revenues as subject, on account of its proximity to Chancery Lane Station, and City London University, and the grandeur of the building.

Angel House, 338-346 Goswell Road, EC1V	Jun-15	£34,200,000	45,783	£747	3.68%	£1,329,942	£29	Cycle spaces out front and a large reception area. Larger scale and GIA explains the lower rent/ft2. Would expect the subject to be able to demand marginally more on account of local demand and new build premiums.
Unit 12, Angel Gate, EC1V	Apr-15	£1,100,000	3,193	£345	4.00%	£46,000	£21	Reversionary yield of 7.5%. 70% occupied. More recent lettings have achieved £40/ft2. Grade A office space. Not finished to the standard we would expect of the subject. Light and airy but with exposed air vents on the ceiling. Being refurbished in Q2 2016.

BPS Additional Yield Evidence

Address	Sales Date	Size (ft ²)	Price	Yield %	Purchaser/Lessee
McCann-Erickson House, 7-11 Herbrand Street, London, WC1N 1EX	01/03/2016	66,405	£56,000,000	4.73	Market Tech Holdings
55 Bishopsgate, London, EC2N 3AS	01/12/2015	154,000	£187,500,000	4.87	Schroder Property Fund
Octavia House, 44-52 Banner Street, London, EC1Y	01/12/2015	21,257	£14,500,000	2.50	Columbia Threadneedle
155 Commercial Street, London, E1 6BJ	01/12/2015	73,173	£7,630,000	2.90	St Anselm Development Company Limited
13-17 Red Lion Square, London, Central London,	10/11/2015		£46,500,000	4.75	Evans Randall
15 Fetter Lane, London, EC4A 1JP	01/11/2015	47,584	£46,500,000	4.75	Evans Randall
99 Bishopsgate, London, EC2M 3XD	01/10/2015	339,061	£272,000,000	5.50	China Life Insurance
4 Coleman Street, London, EC2R 5TA	01/09/2015	58,619	£59,950,000	4.03	Orchard Street Investment Management LLP
Entire Building, 42 Eagle Street, London, WC1R 4AP	01/09/2015	10,457	£8,750,000	3.58	L&G Pension Fund
Entire Building, 35 Chiswell Street, London, EC1Y 4SE	01/09/2015	16,686	£10,500,000	4.70	Westminster Real Estate
Saffron Court, 14b St. Cross Street, London, EC1N 8XA	01/08/2015	54,498	£3,180,000	5.25	Private Investor
Unit 3 (Duplex), Angel Wharf, 170 Shepherdess Walk, London, N1 7JL	01/08/2015	2,280	£820,000	6.02	Undisclosed Occupier
17 Moorgate, Great Bell Alley, London, EC2R 6AR	01/08/2015	16,302	£16,900,000	3.50	Oval Europe Limited
Alphabeta (Former Neptune House, Triton Court), 14 Finsbury Square, London, EC2A 1BR	01/08/2015	218,165	£280,000,000	3.89	Sinarmas Land
Cripplegate House, 1 Golden Lane, London, EC1Y 0RR	01/07/2015	105,532	£77,000,000	5.50	Hoi Hup
1-3 Charlotte Street, London, W1T 1RD	01/07/2015	2,465	£7,600,000	1.67	Private Investor
Tokenhouse Yard Development, 1 Kings Arms Yard, 19 Tokenhouse Yard, London, EC2R 7AF	01/06/2015	56,299	£55,300,000	4.04	Knight Frank Investment Management
Entire Building, 10 Bonhill Street, London, EC2A 4QJ	01/06/2015	10,904	£8,700,000	4.30	Hackney Borough Council
338-346 Goswell Road, London, EC1V 7LQ	01/06/2015	47,688	£34,200,000	3.67	Workspace Group Plc
60 London Wall, London, EC2M 5TQ	01/06/2015	291,546	£197,500,000	5.45	Californian State Teacher's Pension
Isis House, 74 New Oxford Street, London, WC1A 1EU	01/05/2015	20,460	£36,500,000	4.10	Orchard Street Investment Management LLP

Appendix Two - Cost Review by Neil Powling FRICS

1 SUMMARY

1.1

We have benchmarked this application as a 6 storey air-conditioned office building. Our adjusted benchmark is £3,327/m² compared to the Applicant's £2,655/m² - a difference of £2,829,000. A comparison of the elements shows the applicant's estimated allowance for external walls and windows as the most significant difference compared to BCIS. We are therefore satisfied that the Applicant's costs are reasonable.

2 METHODOLOGY

2.1

The objective of the review of the construction cost element of the assessment of economic viability is to benchmark the applicant costs against RICS Building Cost Information Service (BCIS) average costs. We use BCIS costs for benchmarking because it is a national and independent database. Many companies prefer to benchmark against their own data which they often treat as confidential. Whilst this is understandable as an internal exercise, in our view it is insufficiently robust as a tool for assessing viability compared to benchmarking against BCIS.

2.2

BCIS average costs are provided at mean, median and upper quartile rates (as well as lowest, lower quartile and highest rates). We generally use mean or upper quartile for benchmarking depending on the quality of the scheme. BCIS also provide a location factor compared to a UK mean of 100; our benchmarking exercise adjusts for the location of the scheme. BCIS Average cost information is available on a default basis which includes all historic data with a weighting for the most recent, or for a selected maximum period ranging from 5 to 40 years. We generally consider both default and maximum 5 year average prices; the latter are more likely to reflect current regulations, specification, and technology and market requirements.

2.3

BCIS average prices are also available on an overall £ per sqm and for new build work (but not for rehabilitation/ conversion) on an elemental £ per sqm basis. We generally consider both. A comparison of the applicants elemental costing compared to BCIS elemental benchmark costs provides a useful insight into any differences in cost. For example: planning and site location requirements may result in a higher than normal cost of external wall and window elements.

2.4

If the application scheme is for the conversion, rehabilitation or refurbishment of an existing building, greater difficulty results in checking that the costs are reasonable, and the benchmarking exercise must be undertaken with caution. The elemental split is not available from the BCIS database for rehabilitation work; the new build split may be used instead as a check for some, but certainly not all, elements. Works to existing buildings vary greatly from one building project to the next. Verification of costs is helped greatly if the cost plan is itemised in reasonable detail thus describing the content and extent of works proposed.

2.5

BCIS costs are available on a quarterly basis - the most recent quarters use forecast figures, the older quarters are firm. If any estimates require adjustment on a time basis we use the BCIS all-in Tender Price Index (TPI).

- 2.6 BCIS average costs are available for different categories of buildings such as flats, houses, offices, shops, hotels, schools etc. The Applicant's cost plan should keep the estimates for different categories separate to assist more accurate benchmarking.
- 2.7 To undertake the benchmarking we require a cost plan prepared by the applicant; for preference in reasonable detail. Ideally the cost plan should be prepared in BCIS elements. We usually have to undertake some degree of analysis and rearrangement before the applicant's elemental costs can be compared to BCIS elemental benchmark figures. If a further level of detail is available showing the build-up to the elemental totals it facilitates the review of specification and cost allowances in determining adjustments to benchmark levels. An example might be fittings that show an allowance for kitchen fittings, bedroom wardrobes etc that is in excess of a normal benchmark allowance.
- 2.8 To assist in reviewing the estimate we require drawings and (if available) specifications. Also any other reports that may have a bearing on the costs. These are often listed as having been used in the preparation of the estimate. If not provided we frequently download additional material from the documents made available on the planning website.
- 2.9 BCIS average prices per sqm include overheads and profit (OHP) and preliminaries costs. BCIS elemental costs do not include these. Nor do elemental costs include for external services and external works costs. Demolitions and site preparation are excluded from all BCIS costs. We consider the Applicants detailed cost plan to determine what, if any, abnormal and other costs can properly be considered as reasonable. We prepare an adjusted benchmark figure allowing for any costs which we consider can reasonably be taken into account before reaching a conclusion on the applicant's cost estimate.

3 GENERAL REVIEW

- 3.1 We have been provided with and relied upon the Economic Viability Appraisal Report prepared by ULL Property dated April 2016. Appendix 2 is the Application Scheme Budget Cost Plan prepared by CMC Rev B dated 5th April 2016 in the total sum of 11,183,533.79.
- 3.2 We have also downloaded further files from the planning web site and in particular the Design & Access Statement and the proposed drawings.
- 3.3 The preliminaries have been estimated in the cost plan at 12% and the overheads and profit at 10%. We consider the former on the low side for current market conditions and the latter on the high side but taken together - reasonable.
- 3.4 Risk allowance has been estimated at 3% and client contingency at 3% ie 6% in total. We consider a 5% contingency for new build works reasonable and therefore this is a little high. However in view of the results of the benchmarking - we are satisfied that these allowances are reasonable.
- 3.5 We have downloaded current BCIS data for benchmarking purposes including a Location Factor for Islington of 133 that has been applied in our benchmarking calculations.

3.6 Refer to our attached file “Elemental analysis and BCIS benchmarking”.

3.7 We have benchmarked this application as a 6 storey air-conditioned office building. Our adjusted benchmark is £3,327/m² compared to the Applicant’s £2,655/m² - a difference of £2,829,000. A comparison of the elements shows the applicant’s estimated allowance for external walls and windows as the most significant difference compared to BCIS. We are therefore satisfied that the Applicant’s costs are reasonable.

Elemental analysis & BCIS benchmarking

	GIA m ²		4,211	LF100	LF133
	£	£/m ²	£/m ²	£/m ²	£/m ²
Demolitions - facilitating work	25,000	6			
1 Substructure	2,115,935	502	117	156	
2A Frame	1,263,300	300	106	141	
2B Upper Floors			53	70	
2C Roof	223,215	53	93	124	
2D Stairs	176,150	42	33	44	
2E External Walls	595,375	141	160	213	
2F Windows & External Doors	10,000	2	92	122	
2G Internal Walls & Partitions	109,860	26	48	64	
2H Internal Doors	46,400	11	29	39	
2 Superstructure	2,424,300	576	614	817	
3A Wall Finishes	121,206	29	34	45	
3B Floor Finishes	402,015	95	62	82	
3C Ceiling Finishes	232,485	55	29	39	
3 Internal Finishes	755,706	179	125	166	
4 Fittings	198,411	47	25	33	
5A Sanitary Appliances	27,000	6	12	16	
5B Services Equipment (kitchen, laundry)			12	16	
5C Disposal Installations	63,165	15	10	13	
5D Water Installations	84,220	20	20	27	
5E Heat Source			36	48	
5F Space Heating & Air Treatment	925,859	220	142	189	
5G Ventilating Systems	138,963	33	47	63	
5H Electrical Installations (power, lighting, emergency lighting)	655,904	156	133	177	
5I Gas Installations			3	4	
5J Lift Installations	205,000	49	29	39	
5K Protective Installations (fire fighting, sprinklers, lightning protection)	333,790	79	14	19	
5L Communication Installations (burglar, panic alarm, fire alarm, CCTV, door entry, public address, data cabling, tv/satellite, telecommunication systems)			24	32	
5M Special Installations - (window cleaning, BMS, medical gas)	233,558	55	20	27	
5N BWIC with Services	133,373	32	15	20	
5O Builders Profit % Attendance on Services			10	13	
5 Services	2,800,832	665	527	701	
6A Site Works	117,530	28			
6B Drainage	6,975	2			
6C External Services	117,500	28			
6D Minor Building Works					
6 External Works	242,005	57			
SUB TOTAL	8,562,189	2,033	1,408	1,873	
7 Preliminaries 12%	1,027,463	244			
Overheads & Profit 10%	958,965	228			
SUB TOTAL	10,548,617	2,505			
Design Development risks 3%	316,459	75			
Construction risks					
Employer change risks 3%	316,459	75			
Employer other risks					
TOTAL	11,181,534	2,655			
Benchmarking			2,681		
Add facilitating work	6				
Add external works	57				
Add additional cost of substructure	347				
		410			
Add prelims 10%	41				
Add OHP 8%	36	487			
			3,169		
Add contingency 5%		158			
Total adjusted contingency		3,327			
Difference		-672			
			-2,828,971		
say			-2,829,000		