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London Borough of Islington
Islington Town Hall
Upper Street
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23 February 2022

By email

Dear Karen

Planning Committee Deferral of Former Holloway Prison Site (P2021/3273/FUL)

Further to the decision of the Council's Planning Committee to defer our application for the redevelopment of the former Holloway Prison site, we write to address those points raised by Members in the meeting. We are clear that the Committee stated that only the eight matters listed as reasons for deferment are to be discussed at the reconvened meeting. We have listened to Members' concerns around these areas, as I hope you will see in the detail of our response. We request that our response be appended to your report.

As you are aware, the redevelopment of the site is a key objective for Peabody, the Mayor for London and the Council given the urgent need for housing and affordable housing in London. Delivery of the site in a timely manner is critical to the Council's delivery of its Local Plan with respect to its 5-year housing land supply.

Our proposals would deliver 60% affordable housing, of which 415 homes would be much needed Social Rent accommodation. This comprises 70% of the total affordable homes provided. Given the policy requirement for 50% affordable for the site, the proposed affordable housing offer exceeds any policy requirement by 10%, equating to an additional 70 Social Rent homes and 30 intermediate homes. This is clearly a significant benefit that ought to weigh heavily in favour of development. This is recognised in the Committee Report at Paragraph 20.21.

The Council's adopted Supplementary Planning Document ("SPD") makes clear that the overriding priority for the regeneration of the site is for housing led development. We have worked very closely with the Council over the past 3 years to develop our proposals to meet the SPD requirements. As stated in the meeting, early masterplans have been redrawn to ensure we deliver the highest quality of development. The scheme is clearly supported by the Mayor for London (see its Stage 1 response) and Officers through the recommendation for planning permission.

Members should be aware that the scheme is reliant on grant funding. To ensure development proceeds, it is critical that planning permission be granted to ensure delivery of the site and to provide 415 households on the Council's waiting list with new high-quality Social Rent homes. To secure funding to achieve 60% affordable homes, our target to commence development in October 2022 is already very challenging and any further delay to securing planning permission will make that date unachievable.

Fundamentally, our proposals presents a comprehensive package of public benefits, far exceeding Islington's policy requirements in many aspects. The balance of benefits and deliverability is finely balanced and simply put, providing more of one benefit in the scheme will require less of something elsewhere.

Taking the reasons for the deferral of the application in turn, and in no particular order, we respond as follows:

1. Tenure Distribution, Social Inclusion and Quality of Accommodation

Every phase of the development comprises more than 50% affordable housing. Whilst there may be individual buildings with greater or lesser levels of affordable, it has been our intention from the outset to provide the highest quality of development. There is no suggestion in the Committee Report that any areas of the development are less favourable than others. The scheme is tenure blind and of the highest quality. As confirmed by Officers, the approach is entirely consistent with the Council's adopted planning policy. To summarise our approach:

- Every phase delivers in excess of 50% affordable housing and includes all tenures.
- In the first phase alone, the majority of the Social Rent homes are delivered, 215 of the 415, alongside 18 London Shared Ownership homes and 196 market homes. This includes all 60 extra care Social Rent homes, alongside the Women's Building, the residents' facility to Plot D, and 75% of the public park.
- The second phase also delivers majority Social Rent homes, with 116 Social Rent homes, 52 London Shared Ownership homes and 67 market homes, alongside the public nature garden.
- The third and final phase delivers the remaining 84 social rent homes, 108 London Shared Ownership homes and 129 market homes, alongside commercial space and the completion of the final part of the park.
- All of the edges of the masterplan have a mix of market and affordable accommodation
- Of the 11 buildings that have a direct view of the public park, 6 have affordable accommodation.

There was discussion at the meeting regarding the tenure of homes facing Camden/Parkhurst Road. There is a mix of all tenures across the Blocks that are positioned along Camden/Parkhurst Road (Blocks C1, C2, B4, B5 and B6).

Blocks C1 and C2, which also deliver the Women's Building, specifically provide 100% social rent homes as this was sought during community consultation. Plot C is richly designed and of exceptional quality as noted at Paragraph 10.6.14 in the Committee Report, and we consider it fitting that this landmark building provide social rent homes given the objectives of the SPD.

On Blocks B4, B5 and B6, the homes facing Camden/Parkhurst Road comprised of 22% Social Rent, 63% Shared Ownership, and 15% market. We have listened to the comments made by Members and have redistributed the tenures on Block B3 and Block B4 to convert Block B4 to a 100% market home

building, as shown in the enclosed axonometric view. Blocks B4, B5 and B6 now provide a market sale building, a London Shared Ownership building and a Social Rent building. The homes within the blocks that face Camden/Parkhurst Road now comprise 22% Social Rent, 49% London Shared Ownership, and 29% market. By moving the London Shared Ownership homes from Block B4 to Block B3, we have been able to ensure that six of the 11 buildings that have a direct view of the public park, still have affordable accommodation.

We are providing excellent quality homes that have been designed every step of the way to be tenure blind. Across the scheme we have maximised the number homes which have views in two directions which creates demonstrably improved daylight and ventilation. This is achieved by providing homes to the corner of buildings (corner aspect) and stepping elevations of buildings to allow for large windows at 90 degrees to each other (stepped aspect). 99% of the Social Rent homes have either stepped aspect or corner aspect, the best performing tenure compared to 84% of the London Shared Ownership homes and 93% of the market homes.

2. Play and Spaces for All Ages

It was suggested at the meeting that we had not attached sufficient importance to the provision of play and spaces for all ages groups.

We have developed a landscape-led masterplan set around the existing mature trees of the prison garden to create an exemplary new neighbourhood. At pre-application stage, the landscape architects consulted with local school children which directly influenced the design of external spaces and the play equipment proposed. In addition, dedicated play and open space workshops were held with the local community of all ages, and further sessions held with key groups including Community Plan for Holloway (CP4H) and Disability Action in Islington.

The proposed development provides 5,292 sq m of play space for all ages, including young people, and this quantum exceeds local and GLA policy requirements. The play is not segregated by tenure. With respect to young people aged 12+ years, the development specifically provides over 1,200 sq m of space with the following facilities:

- Table tennis tables
- Web nest (rope based equipment that individuals can climb and balance on)
- Lawn areas which could be used for socialising and games
- Outdoor board game tables
- Supernova (a large circular piece of equipment that spins as individuals sit or climb it)
- Hammocks

In addition, the nature garden provides for community growing for all ages to enjoy.

The open spaces are going to be delivered over a period of time as the scheme is built out. Further details of the play spaces will be provided at each phase and this is secured by condition. This condition also secures outdoor gymnasium equipment which we believe will be fully complementary with the wider play offer for young people on the site. Having listened to Members' concerns, we have enclosed a Play Strategy Addendum which shows our play strategy proposal for teenagers, and also identifies where the outdoor gymnasium could be located and the types of equipment that could be suitable.

Mindful of the comments from Members, we intend to consult with residents, including young people, as these open spaces are delivered to determine the final play and outdoor gymnasium equipment. We have undertaken this collaborative approach on other developments, which has been welcomed by residents and helps our wider objective of building connections between residents, and to establish a sense of community ownership. We are happy to secure this via condition or obligation.

We are also happy to allow residents access to all ground/podium level amenity spaces within the development, and we will work with the Met Police under Condition 46 to ensure they are comfortable with this approach in terms of security. All communal open spaces, play spaces and public open spaces across the scheme are high quality, to ensure there is equitable play provision for all residents. There is no segregation of play by tenure.

3. Community Centres and Residents' Facilities

In our early dialogue the Council advised that they did not wish to see further community facilities on this site. Paragraph 3.15 of the Addendum Report confirms there is sufficient social infrastructure capacity in the vicinity of the site. In addition, the Council's Social and Community Infrastructure Topic Paper (2020) which forms part of the evidence base to the emerging Local Plan confirms that existing community centres are evenly spread across the borough, and there is no need for additional provision.

The Council's website confirms there are 13 existing community centres and the Cat and Mouse Library, which provides a community room, within a 30-minute walk of the site. Further to this, we also have two community centres within a 30-minute walk of the site. These centres are listed below.

Location	Distance from Site	Walking Time
Holloway Estate Community Centre	immediately east of Site	1 minute
Islington Arts Factory	immediately southeast of Site	1 minute
Cat and Mouse Library (provides a community room)	immediately southwest of Site	1 minute
Williamson Street Community Centre	290m	3 minutes
Hilldrop Community Centre	600m	8 minutes
Loraine Estate Community Centre	700m	9 minutes
Holloway Neighbourhood Group	700m	9 minutes
Goodinge Community Centre	900m	11 minutes
Whittington Park Community Centre	1.0 km	12 minutes
Bennett Court Community Centre	1.0 km	12 minutes
Ringcross Community Centre	1.3 km	16 minutes
Freightliners Farm Café and Community Rooms	1.5 km	18 minutes
Peabody Calcott Centre	1.8 km	18 minutes
Highbury Round House	1.8 km	23 minutes
Islington Ecology Centre	2.3 km	30 minutes
Peabody Hugh Cubitt Centre	2.3 km	30 minutes

The scheme will enable funding for improvements of existing community services through CIL receipts, as Peabody will be paying £13.6m of CIL to the Council through this development. This is outlined further below with respect to the Women's Building fit out, and was noted in the Addendum Report at Paragraph 3.15.

In relation to on-site residents' facilities, Plot D provides a facility available for use by all residents of the proposed development, irrespective of tenure. This will provide further opportunity for all residents to meet and socialise, in addition to the public park and communal gardens within the scheme. This facility is not for profit and will be run at cost. The final uses of the spaces are yet to be determined and will be specified in response to resident requirements at the time of construction. As part of the application, we have shown how potential uses could occupy the space, including a residents' lounge, residents' workspace, screening room, dining room, and gym.

We are also offering the use of a space within the facility free of charge for one day per week for residents and/or resident groups within the development, and this is secured in the s106 Heads of Terms. For example, the space could be used for children's birthday parties, a homework club, or a yoga club. As stated at the meeting, we fully support the creation of a Tenant and Residents' Association (TRA) for this development and are experienced in working with TRAs across our estates to great effect.

4. Women's Building Fit Out

We have worked closely with the local community, service providers and Officers to design a landmark Women's Building that exceeds the requirements in the Women's Building brief. It is the exceptional design and positioning of the Women's Building that makes the building iconic, not specifically its use. The SPD does not require fit out for the Women's Building and, critically, the SPD Viability Assessment explicitly excludes fit out to the Women's Building.

The SPD rightly addresses land use planning considerations. It is typical across development proposals that non-residential accommodation is constructed to shell and core. Fit out is typically paid for by an occupier (as will be the case with the other non-residential accommodation in the scheme) who may be provided with a rent-free period, or by the developer provided full rent is secured. Given that we have made the long-term commitment that the Women's Building will be provided at a Peppercorn rent in perpetuity, there is no ability to do this. It should further be noted that the market investment value of the Women's Building under Use Class F2 is c. £3m. This value has been forgone by Peabody offering the Women's Building at a Peppercorn rent.

Members at the meeting asked why we could not make the £2.9m contribution to the fit out of the Women's Building. Our response to this is that having regard to the deficit that already exists, which is significant, there is simply no further monies available to do so. The only alternative approach would be to reduce the level of affordable housing, but given the priority housing need this is not in our view an appropriate remedy when there is another available.

The other available remedy is to secure funding for the fit out through CIL. The Council's most recent Annual Infrastructure Statement (2020/21) confirms the total amount of CIL collected in the borough since 2014 that has not been allocated to any identified infrastructure projects is £1.4m. As mentioned above, Peabody will be paying £13.6m of CIL to the Council through the proposed development itself. This is addition to the existing £1.4m of unallocated CIL receipts. All these funds can lawfully be directed towards the Women's Building fit out and indeed Officers indicated this at the meeting.

The Council splits CIL funds received as follows:

- 50% for strategic projects allocated by the Council;
- 35% for strategically and locally significant projects allocated by Councillors; and

- 15% for spending at the discretion of Ward Councillors for projects identified in their Ward Community Plan.

With respect to the Ward Community Plan for St George's (November 2021), the development of the site will secure funds which far exceed all projects identified (costed at £598,500), with significant funds remaining of £1.4m. These funds, alongside the CIL receipts from the development to be split between strategic projects (50%) and strategically and locally significant projects (35%), and the existing unallocated £1.4m CIL receipts currently held by the Council can be directed towards the Women's Building fit out.

We are conscious of Members' comments regarding the reliance of CIL for the Women's Building fit out. To reduce the need for CIL receipts to fund the fit out, we are committing to use our reasonable endeavours, to be secured under the s106 agreement, to obtain external funding from other sources for these fit out works.

We look forward to working with the Council to identify the final operator of the Women's Building. We will work closely with the operator and the Council to finalise the concept design for the fit out by May 2023, and the full design and specification for the fit out by February 2024, to ensure the fit out is complete, and the Women's Building can open, at the same time the Social Rent homes in Plot C are ready for occupation. This design process with the Council and operator will also present the opportunity to manage the fit out costs carefully through intelligent design, to further limit the potential use of CIL funds for the fit out.

5. Women's Building Running Costs

The Council's adopted SPD seeks the provision of a Women's Building as part of the development but places no requirement on us to support this through revenue funding. This would go beyond land use planning principles. It is the case that any future operator of the Women's Building would be funded by other means.

We have committed to working with the Council to undertake the feasibility study for the Women's Building, which will look at the capital expenditure and operational costs of the Building. The brief for the study has been agreed with the Council, and it will identify the most effective, inclusive and financially sustainable arrangements for:

- Commissioning an organisation to run and manage the building;
- Identifying which services should be delivered within the building;
- Funding any services within the building; and
- Any implications of the above for the proposed internal layout and fit out of the building.

We look forward to commencing the Women's Building feasibility study with the Council on receipt of planning permission, and will remain conscious of comments raised by Members surrounding the ongoing running costs.

The Women's Building has been designed to achieve BREEAM Excellent, with an all-electric energy strategy. This sustainable, energy efficient, design means energy costs will remain low. Our energy strategy includes air source heat pumps, which delivers energy much more efficiently than a gas solution. Our all-electric energy strategy means we are low carbon, and the decarbonisation of the electricity grid will mean the operational carbon associated with the space will continue to reduce over time.

As mentioned above, we will be working with the Council and operator to finalise the fit out specification for the Women's Building, which will provide further opportunities to minimise future running costs through design.

We look forward to welcoming a Women's Building operator that is befitting of a building of this scale and ambition. We have responded positively to calls through consultation to increase the size of the Women's Building, given the need for these services. The future operator must be financially stable to ensure the delivery of these services, and not be dependent on landlord support for building running costs, otherwise it risks a vacant building.

It is, however, the case that the facility will be provided on a Peppercorn rental basis. Based on typical rent levels for a facility of this nature, there would be an opportunity cost to Peabody, and therefore a running cost saving to the future operator, of c. £220k-£300k per year based on a rent of £15-20 per sq ft. This rental advice was provided by CBRE.

6. Connections to Neighbouring Sites

The SPD sought that pedestrian connections with surrounding streets be explored and facilitated. In accordance with the SPD, the design team explored all pedestrian connections indicated in the SPD, all of which include land outside of our control. Unfortunately, it is not in our gift to secure access to land owned by third parties, but our proposals include the required design measures within our red line boundary to enable these connections to be made, should the third-party land come forward.

As a result of pre-application discussions, we have been able to secure the delivery of a pedestrian and cycle connection to Trecastle Way to the west of the site which involves Council owned land.

Since we acquired the site, we have met several times with the City of London Corporation to discuss connection to the Holloway Estate to the northeast, and with Notting Hill Genesis to discuss connection from the Bakersfield Estate to the northwest. The most recent meetings with City of London Corporation and Notting Hill Genesis both took place on 2 December 2021.

We have ensured provision for these connections in the landscape design within the site boundary and have committed to an entrance/opening at such time that land ownership permits, and both connections can provide open unrestricted access. We are aware of the comments made by Members, and we will continue to discuss these connections with the City of London Corporation and Notting Hill Genesis respectively and will seek to enter into agreements with these parties, with this obligation secured in the s106 Heads of Terms.

7. London Living Rent

The development provides 60% affordable housing (by home) with a tenure split of 70% Social Rent, with rent levels set at Target Rent, and 30% London Shared Ownership. When measured by habitable room, the development provides 62% affordable housing, with a tenure split of 75% Social Rent and 25% London Shared Ownership. This affordable housing offer exceeds any planning policy requirement.

London Shared Ownership is accepted as an appropriate intermediate affordable housing product by the adopted planning policy. There is no planning policy requirement to deliver London Living Rent.

The Committee Report confirms at Paragraph 19.1.88 that the affordable housing provision is fully compliant with the Development Plan. London Shared Ownership is a much-demanded intermediate housing product in Islington, and has an integral role providing for a large population that cannot access market housing

We are aware of Members' concerns on the affordability of London Shared Ownership homes and can confirm that these homes would be available for a range of incomes. For example, the 1-bed London Shared Ownership homes for occupation by two persons would be affordable to households on joint salaries starting from £58k (equal to each person having an income of £29k). This is lower than the income eligibility for London Living Rent. London Living Rent is only an intermediate rent product for a short period of time, as residents can purchase their home on a London Shared Ownership basis at any time they wish, or Peabody can after 10 years. Therefore, London Living Rent only delays these homes from becoming London Shared Ownership, when sales values are likely to be higher.

It is already recognised that the scheme is in deficit, and converting to London Living Rent would only increase the deficit further, which the scheme cannot afford. Likewise, the Viability Assessment has assumed GLA income caps on the London Shared Ownership homes, and any further restriction would further increase the deficit and could not be supported by the scheme. By providing London Shared Ownership instead of London Living Rent, we are able to overdeliver on the Social Rent homes, and meet the aspirations for a larger Women's Building.

Not only this, but London Living Rent delays sale receipts at a time when Registered Providers require income for sustainability initiatives and fire remediation on existing housing stock. The intermediate product puts pressure on our overall capital borrowing needs and our requirements to perform for the rating agencies.

Nevertheless, the s106 agreement will include an early stage review, which will be triggered if substantial implementation is not reached within two years of planning consent. Should the early stage review generate a viability surplus, the s106 will require that the surplus is used to convert London Shared Ownership homes to London Living Rent.

8. Viability

Both our and the Council's position is that there is a deficit and the application is proposing the maximum level of affordable housing. Nevertheless, Members questioned the viability of the scheme having regard to the difference of views of the extent of deficit in the scheme and its ability to provide the Women's Building fit out and London Living Rent. We feel it is worth highlighting to Members that the only difference between our views is the change in the Council's position regarding the Benchmark Land Value ("BLV"), with all other costs and sales values agreed between parties.

As Members will be aware, when the Ministry of Justice resolved to close the Prison, the Council prepared a specific SPD for the site. To support this, it also undertook a Viability Assessment of Development Scenarios (July 2017) that set out what could be achieved. This required the provision of 50% affordable housing and concluded that a BLV of £58.4m should be the basis for viability assessment. The SPD was clear that both documents were prepared to ensure that the scheme delivered affordable housing, as a priority. However, to be clear, we have not simply applied the 2017 BLV without first referring back to the current policy context and also market evidence. The BLV proposed by us is based on the facts available at today's date.

It is a known fact as to the purchase price we paid following a competitive process. This, however, has never been our position having regard to viability discussions. We have followed the national and regional policy guidance, as well as that advocated in the Council's own SPD. The Council has very recently changed its position – reducing the BLV it previously published to £11.5m. This altered position generates a deficit of -£3.4m compared to our deficit of -£44m using the BLV of £58.4m.

In the Council's Viability Assessment that underpins the adopted SPD, the issue of the BLV was the subject of significant discussion. This is because a prison is a public sector asset and not one that is traded on a traditional Existing Use Value basis, hence the need to identify a reasonable proxy, as the Council's own viability consultants BPS did in 2017 and the applicant replicated in 2021. Critically, however, having undertaken comprehensive and detailed assessment, the Council's adopted position in the SPD at the time of purchase was that the site was worth £58.4m for the purposes of its BLV. This position has not been revised in any published revision and it has only been more recently, as part of the application submission, that Officers have changed their position from a BLV of £58.4m (£5.7m per acre) to £11.5m (£1.1m per acre). Such a shift fails to acknowledge the need to sense check the output against policy compliant evidence and meet the reasonable landowner test as required by national policy guidance regardless of whether the land is in private or public ownership.

The Council's BLV of £11.5m (£1.1m per acre) is not comparable to recent large-scale policy compliant land transactions. A market review completed by JLL showed comparable sites transacting at £7.5m per acre and upwards. Whilst land evidence should only ever be assessed as a sense check, the evidence provided by JLL demonstrates the BPS BLV output is unreasonable. Paragraph 14 of the NPPG states that the land value should be informed by comparable, market-based evidence wherever possible. The Council's BLV does not do this.

Officers will advise that they consider the policy position has materially altered since to publication of the SPD. We disagree that this is the case and firmly believe the approach adopted by the Council in 2018 remains applicable today. We provided Leading Counsel Opinion that confirms this, in October last year. We would also note that there has been no suggestion that the Council wishes to withdraw the Viability Assessment or SPD. We would expect that should the Council wish to move away from the published position, it ought to formally consider such a fundamental change. That would need to be fed back via the Local Plan examinations process, which has otherwise closed, in light of the cross reference the draft Plan makes to the SPD.

Members raised the question of potential growth in profit given the projected development programme as a way of securing funding for the Women's Building fit out. Whether one adopts the Council's viability position or our position, there is a financial deficit, and the scheme is unable to meet the costs of the fit out of the Women's Building.

It should also be observed that construction costs will also be subjected to inflation. Through a productive consultation process, we are constructing a Women's Building that is 289-689 sq m larger than the Council's brief for the Women's Building, which attracts additional construction costs of between £470k and £1.1m, which we will be absorbing. Alongside this, because of the high proportion of Social Rent homes, which will not benefit from sales inflation, this scheme is disproportionately affected by construction cost inflation, and the 40% private homes will not be able to cross-subsidise the deficit on the affordable homes.

We are however conscious of Members' comments on the fit out, and have outlined above how the costs could be met through external funding from other sources, or through the use of CIL receipts.

Other Matters – Wi-Fi/Broadband

In addition to the above matters, at the meeting Members raised a query regarding Wi-Fi/broadband provision.

As confirmed in the meeting, all homes will be provided with fibre optic broadband infrastructure. This will enable residents to access to over 25 broadband providers, offering a variety of internet packages at a range of prices to suit their needs. 4G home broadband will also be available to residents as a flexible alternative, with data plan contracts as short as 30 days. It was suggested that we should provide Wi-Fi/broadband services to the occupiers of the development. However, this is neither a policy requirement nor practical. It is for individual occupiers in any form of tenure to decide what digital services they require, in the context that there are multiple service provision operators available to them.

Nevertheless, having listened to the concerns raised by Members, we are now working with a broadband provider to agree terms for a central agreement with Peabody as the landlord for this site, which would secure discounted internet packages for our residents on this development.

Further to this, and as confirmed in the meeting, free Wi-Fi will be provided to the resident's facility in Plot D, available for use by all residents of the proposed development. Free Wi-Fi will also be provided to the public park, available to all visitors, and this is secured by condition.

It is also noted that the Cat and Mouse Library lies adjacent to the site and offers free Wi-Fi and free public computers for use.

I trust the above responses to the reasons for the deferral of the application provide sufficient detail for your purposes, but do not hesitate to ask should you require anything further. We continue to look forward to the opportunity to deliver the benefits within the application, and to welcome a new community to Holloway.

Yours sincerely

Tom Williamson



Tom Williamson
Project Director – Holloway
For and on behalf of Peabody

Enc.

1. Design and Access Statement – p112 & p113 Updated
2. Schedule of Accommodation – Updated
3. Play Strategy Addendum