Matter 9 – Implementation, monitoring and viability

Main issue – Is the Plan viable, deliverable and capable of being effectively Monitored?

113. Does Chapter 13 of the Plan provide the necessary framework to ensure that the policy requirements are effectively implemented and monitored? Is the use of ‘area based supplementary planning documents, masterplans and planningbriefs to set out more detailed proposals’ a reasonable approach?

9.1. Chapter 13 of the plan explains how the growth envisaged in LP33 will be delivered and monitored - and it highlights a particular role for area based documents in enabling and supporting this delivery.

9.2. The Council is adopting a proactive approach to delivering new homes directly in partnership with housing providers and with developers on specific sites. This proactive approach extends to its commitment to work with partners to increase affordable workspace delivery (paragraphs 13.2 to 13.10 are relevant). It also commits to the monitoring of planning policies - and wider trends affecting delivery in Hackney (13.21 through 13.32). The Council’s comprehensive approach to monitoring policy implementation is reflected in the most recently published Authority Monitoring Report 2017-18 (ED021).

9.3. Area based documents have a particular role in enabling delivery in line with the high level development principles and sites identified in the LP33 Place Policies (as explained in LP33, paragraph 13.2). This approach facilitates engagement with landowners, developers and communities accelerating delivery on site which is in line with local plan policies. This is an approach that has been tested and proven in the context of the adopted Hackney Central and Surrounds Masterplan (as acknowledged in paragraph 13.12).

114. What is the role and purpose of the regeneration delivery plans? Will these set out further development sites and infrastructure or other area based requirements or just provide more detailed guidance on what is set out in this Plan? Is the approach justified?
9.4. The Council’s ‘Regeneration Delivery Plans’ are non-statutory plans to deliver the objectives of the Council and its partners set out in the Hackney Community Strategy 2018-2028 (ED017) and which in turn are reflected in LP33. However, they are not part of the development plan and not intended to create new policy or guidance for development management purposes.

9.5. Regeneration Plans will be used to articulate the Council's physical, social and economic vision and future interventions and priorities for different parts of the borough in a simple format. The plans will encompass a broad range of interventions and actions including those that would not normally be set out in the Local Plan (such as detailed issues relating to improving the economic performance of retail areas and priority areas for improved street cleansing and talking antisocial behavior). Where an area based planning document is proposed for a particular part of the borough then the regeneration plan will be produced alongside the area planning document to ensure there is a joined up approach to the delivery and implementation of the Local Plan policies and requirements and other local requirements and interventions. When regeneration plans are prepared for parts of the borough where an area based planning document is not being prepared, the document will comply with relevant policies in the Local Plan and other relevant strategies and guidance for the area.

9.6. Accordingly these Regeneration Delivery Plans are relevant to implementation in so far as they are tools to facilitate the delivery of the development principles set out in place policies in LP33. They provide dynamic mechanism via which to continue to engage with communities and delivery partners on the capital investment (for example public realm interventions) and other socio-economic and environmental projects on an ongoing basis after the adoption of LP33.

115. Will the viability of development be adversely affected by the requirements in the Plan including in respect of any required standards, affordable housing provision and transport and other infrastructure needs? Has this been suitably tested?

9.7. The viability of development set out in LP33 would not be adversely affected by the requirements set out in the plan and nor would it put the delivery of the development plan at risk overall. London Borough of Hackney: Proposed Submission Local Plan and Community Infrastructure Levy Viability Assessment (2018) (ED016) demonstrates that the impact of LP33 on development viability has been suitably tested.

9.8. Evidence document ED016 comprises a viability assessment of the proposed submission LP33 and the London Borough of Hackney’s Community Infrastructure Levy (CIL). This assessment was completed in October 2018 and there have been
no subsequent changes to LP33 that would alter the overall findings set out in that report.

9.9. The National Planning Policy Framework (NPPF) and National Planning Policy Guidance (NPPG) require the cumulative impact of local planning authority policies and standards to not put implementation of the plan at serious risk, and that it should facilitate development throughout the economic cycle. To test this the NPPG requires the residual land values generated by the types of developments expected to come forward in the borough over the plan period to be compared to a benchmark land value that reflects the existing value of land prior to redevelopment plus a premium for the landowner. The methodology used for assessing the impact of the requirements of LP33 on the viability of development is consistent with these requirements.

9.10. The viability assessment (ED016) tests the ability of developments to accommodate policies in LP33. In particular, the report includes an analysis of the following policy areas that are most likely to have an impact on viability:

- Affordable housing;
- Dwelling mix;
- Student housing;
- Protection and promotion of employment floorspace;
- Affordable and low cost workspace;
- Green roofs;
- Zero carbon emissions and BREEAM excellent;
- Community infrastructure levy

9.11. To appraise the impact of these policies the report includes an assessment of 28 development typologies on sites across the borough to represent the types of development that the Council expects to come forward over the plan period. Section 4 of ED016 identifies the typologies used and sets out the appraisal assumptions that were made. This included taking account of the above policies, standard development costs and other costs including:

- The Mayoral CIL (as of October 2018 and also as proposed, and now adopted, from 1st April 2019)
- Other section 106 costs (which will reflect other policy costs that may not be accounted for in other inputs)

9.12. It is therefore clear that in undertaking the viability assessment the required standards, affordable housing provision and transport and other infrastructure needs (to be funded from development through CIL and Section 106) as identified in LP33 have been taken into account when assessing the impact of requirements on the viability of development.
9.13. The full inputs and outputs of the appraisals of the various developments are set out in Section 6 of ED016. Viability has been tested at five levels of affordable housing, employment policies have been tested using the typologies with varying mixes of uses and heights, and the CIL inputs reflect adopted rates after indexation. A sensitivity analysis has also been undertaken to show the impact of increasing the adopted Hackney CIL rates.

9.14. As set out in ED016 when considering the results of a viability assessment it is very important to clearly distinguish between schemes that are unviable regardless of the Council’s policy requirements, including the level of CIL (including a nil rate) and schemes that are viable prior to the imposition of policy requirements. If a scheme is unviable before policy requirements and CIL are levied, it is unlikely to come forward and policy requirements and CIL would not be a factor that comes into play in the developer’s/landowner’s decision making. The unviable schemes will only become viable following an increase in values and sites would remain in their existing use.

9.15. The results of the viability assessment of LP33 show that there are a number of development typologies which are capable of delivering 50% affordable housing whereas others can only come forward with a lower percentage. Notwithstanding, the LP33 flexible policy approach to affordable housing delivery (seeking 50% affordable housing on all sites with the flexibility for negotiation on a site by site basis where 50% is proven to be unviable) will ensure that most developments can come forward over the economic cycle. This is discussed in more detail in the response under Matter 4 and demonstrates that given the flexibility of the affordable housing requirements they are unlikely to have an adverse impact on the viability of development.

9.16. The assessment highlights where other policy requirements may have an adverse impact on the viability of schemes. This includes meeting the affordable housing requirement where part of a new build scheme includes build for rent (as opposed to build for sale). There is however again flexibility allowed for in applying the 50% requirement as Policy LP15 on Build to Rent schemes makes clear that this is subject to viability.

9.17. The appraisal demonstrates that for other policy areas whilst in some cases requirements can lead to a reduction in residual values there would still be sufficient uplift above the existing use value that would enable development to come forward without impacting on other policy requirements. Further detail is provided in the Council’s response to Matter 4.

9.18. The report notes that there may be instances when viability issues emerge on individual developments, even when the land has been purchased at an appropriate price (e.g. due to extensive decontamination requirements). In these cases, some flexibility may be required subject to submission of a robust site-specific viability assessment. In these cases it is not the policy requirements making the development unviable it is more likely to be the exceptional and unexpected costs.
9.19. Overall the viability assessment therefore demonstrates that the requirements of LP33 would not have an adverse impact on the viability of development that is expected to come forward over the life of the plan. Indeed it also demonstrates that a higher CIL charge could be levied without putting the development set out in LP33 at risk.

116. What are the 'quantitative indicators' referred to in para 13.23? Should these be clearly set out in the Plan? Are they appropriate and measurable?

9.20. The quantitative indicators will relate to the performance of plan policies in delivering (through permissions and completions) the type and quantum of housing and other floorspace. This approach is reflected in the most recently published Authority Monitoring Report 2017-18 (ED021) which sets out quantitative measure by which plan policies are assessed.

117. Does the monitoring framework clearly set out what actions will be taken if policies are not being achieved?

9.21. The monitoring framework indicates that changes in circumstances may trigger the Council to review the plan as set out in paragraph 13.23 of LP33.

9.22. This sets out that the Council will assess the performance of the Local Plan policies and set out the Council’s updated housing trajectory. Based on this it will identify whether plan outcomes are being delivered and if there is a need to reassess or review any policies or approaches. More broadly as indicated, the Council will also identify and monitor trends in the wider social, economic and environmental issues facing Hackney that may necessitate a plan update. The Council’s Regeneration Plan provide important and flexible mechanisms to support plan delivery as set out in Chapter 13 (this role will continue throughout the implementation phase and in response to the monitoring). Updates to the Infrastructure Delivery Plan (LP33 paragraph 6.4).

9.23. It is also noted that the new provisions of the NPPF 2019 paragraph 33 set out a requirement for LPAs to review policies at least once every five years (reflecting the Local Plan Regulation 2012 (as amended). The Council will consider the specific matters highlighted in NPPG (paragraph: 065 Reference) in assessing the need for any update.