



Aman Dalvi OBE MSc MCIH FRSA
Corporate Director for Development & Renewal
Tower Hamlets Council
Town Hall
Mulberry Place
5 Clove Crescent
London E14 2BG

7th March 2013

Dear Aman,

London Borough of Tower Hamlets, Community Infrastructure Levy

You will be aware that the London Borough of Tower Hamlets Council is currently preparing a Community Infrastructure Levy (CIL) Charging Schedule and that a preliminary version was recently the subject of public consultation (from 16th November 2012 to 2nd January 2013). The Preliminary Draft Charging Schedule (PDCS) sets out proposed CIL charging rates that the Council aims to adopt towards the end of this year, following public examination.

Bishopsgate Goods Yard Regeneration Limited, a joint venture between Hammerson plc and Ballymore, submitted representations to the Council in relation to the PDCS. Hammerson plc and Ballymore jointly own Bishopsgate Goods Yard, which is the largest development site in the City Fringe Opportunity Area and is allocated for large scale comprehensive mixed use development and strategic housing development. The site is capable of accommodating substantial development (around 350,000 sqm / 2,000 residential units). Clearly, Bishopsgate Goods Yard plays an important role in underpinning the deliverability of the Council's Development Plan. We look forward to working with the Council to ensure the successful delivery of the site and in doing so contributing to housing targets, including affordable housing.

You will no doubt be aware that the site has a number of significant existing constraints which will have an impact on the future regeneration. These include, inter alia: the elevated East London Line with station box running through the site (which the joint venture funded at significant cost); the Central Line running under the western part of the site; overland and suburban railway tracks into Liverpool Street; the potential for the Network Rail 8 track proposal; Listed structures on the western boundary of the site and the Listed Braithwaite viaduct; as well as two designated strategic views.

Bishopsgate Goods Yard Regeneration Limited appreciate the complex nature of setting CIL rates and recognise the opportunity offered by CIL charging to raise funds for important local infrastructure. However, as expressed in our representations, we are concerned that the current proposed rates run a very real risk of increasing the cost of development and making important development projects – such as Bishopsgate Good Yard – financially unviable.

The PDCS explains that the proposed rates have been set at a modest level - reflecting current economic uncertainty - and may need to be modified should circumstances change. It also explains that the Council consider that the proposed charge rates have been designed to facilitate the delivery of the Council's affordable housing policy. We firmly believe this not to be the case. It is our considered opinion - on the basis of the Council's current evidence - that the proposed rates stand to pose a serious

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risk to the viability and deliverability of much needed development. We respectfully urge the Council to take a more cautious approach, especially given the current economic circumstances.

At a basic level, the proposed draft CIL rates are substantially greater (around a 40 per cent increase) than the costs associated with recent Section 106 Agreements that the Council has negotiated. We are of the strong opinion that the cost burden of the proposed CIL rates will not be reflected in land values within the short or medium term. Therefore, this strongly suggests that the proposed rates could place too great a burden on development for the foreseeable future and pose a serious challenge to the delivery of Core Strategy policies. In particular, we are very concerned that the direct consequence of the proposed CIL rates will be a reduction in affordable and social housing delivery well below levels currently being achieved.

Whilst it could be argued that the rates proposed by London Borough of Tower Hamlets are broadly similar to those being put forward by other London Boroughs, we would note that the concerns we have expressed in our representations are consistent with those raised across London by the development industry and are aligned with the central focus of the National Planning Policy Framework and the Government's recently published guidance on CIL that – particularly in challenging economic circumstances – development is to be encouraged. We also draw to your attention that the Greater London Authority – including the Mayor's Planning and Housing Committee – has expressed concern that proposed Borough CIL levels are too high.

We consider that the evidence underpinning the PDCS is too simplistic and inappropriate to ascertain the implications of the proposed rates on the deliverability of the Development Plan. Put simply, the proposed rates are based on hypothetical and generic evidence. Whereas, we are of the strong opinion that the Council – working closely with the development industry – needs to undertake an analysis of the specific implications of different levels of CIL rates for sites allocated within the Development Plan, such as Bishopsgate Goods Yard.

We have already offered to assist the Council in compiling more appropriate evidence and asked for a meeting to be arranged to discuss available information / material. But, from recent discussions with officers, it would appear that the Council is taking a 'light touch' to considering representations and is not willing to engage with the development industry until the next version of the Charging Schedule has been approved by the Council's Cabinet. We emphasised in our representations the importance of proper engagement now since the Government's statutory guidance allows only limited flexibility in revising a Draft Charging Schedule after it has been published, and changes are discouraged prior to examinations.

We assume that the Council is concerned that it is working to a tight deadline for having a Borough CIL in place by April 2014, since this is the date when the CIL Regulations impose restrictions on the use of Section 106. It is important to note that the Government has recently announced it is giving consideration to extending this deadline.

We respectfully request that you discuss the content of this letter with the Council's CIL/policy officers and arrange for a meeting to take place in order that our concerns can be addressed. We look forward to hearing from you on this matter.

Yours sincerely,

[Redacted signature]

Ballymore Group

cc.

Owen Whalley, LBTH

Anne-Marie Berni, LBTH