Summary of Consultation Comments on the London Plan Viability Study (LPVS)[1]

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
D11 Fire Safety	Home Builders Federation	Fire safety	The requirement that in all developments needing lifts one should be a fire evacuation lift suitable for disabled people is understandable. Respondent notes that the LPVS has factored-in this cost. This will be challenging for viability especially in lower value areas together with affordable housing thresholds. This policy is unlikely to incentivise the construction of multi-storey blocks of apartments on small sites in the boroughs of outer London.	The LPVS applies an additional cost of £20,000 for fire evacuation lifts. This may overestimate costs as it is likely to double count the uplift in costs for certain types of development, for example for buildings for which firefighting lifts are already required due to existing Building Regulation requirements, which are already reflected in the base build costs. Taller buildings in the lowest value areas were found to be less viable than buildings of fewer storeys. However, the LPVS demonstrates that certain scheme types even in the lowest value area E are viable with high levels of affordable housing - e.g. case studies Res 3 and 9. The study and the SHLAA also recognised that higher density schemes are coming forward in these locations and that there will be locations within the lower value bands which have higher value band characteristics, which are able to support higher density development.
H1 Increasing Housing Supply	London Borough of Ealing	Housing targets	Viability of development varies between value bands and general understanding that higher density schemes in higher value bands are more viable, based on current day values. While some exceptions exist, this does not support increased housing targets in outer London Boroughs which typically fall in lower value bands.	The LPVS found that most development typologies tested can meet the policy requirements of the plan. It recognises that where schemes are genuinely unable to meet the policy requirements of the plan, this allows for viability testing on a site-specific basis through the viability tested route (Policy H6). Overall, the study states that the standards and policies of the plan should not put its implementation at period risk and should facilitate development throughout the economic cycle. The testing focused on higher density schemes and taller buildings although not exclusively. The study suggests that some types of development and built forms are more viable than others and this varies between value bands. For example, broadly speaking the higher density schemes are more viable in the higher value bands; and the lower density schemes are more viable in the lower value bands, based on current day values. Whilst the study shows that certain higher density residential typologies are not viable in Bands E and D based on current day values and costs, trends in approvals and completions in London are showing that higher density schemes are coming forward in these locations. Further details are set out in the London Strategic Land Availability Assessment 2017 (SHLAA) (paragraph 9.33). The value bands assumed in the viability study are also broad in their geographical coverage. The LPVS recognises that there will be locations within value bands D and E which have higher value band characteristics, for example, near transport hubs and town centres (paragraph 11.2.11). There is also scope for value areas to acquire higher value attributes over time, for example where there is major transport infrastructure investment. The value bands are based on previous transactions which do not take into account the potential for increases in residential values through successful place-making and new developments which exhibit higher value characteristics compared to the previous development which has taken place locally. This place-potential is usually achieved through comprehensive masterplanning and redevelopment on large sites. New build transactions recorded may not be directly comparable to the types of large-scale schemes envisaged over the next 10 to 20 years in a particular area. This may particularly be the case in opportunity areas and transport growth corridors. The SHLAA and LPVS also identify that in many instances it will also be possible to deliver developments (including at higher densities) by using a medium-rise forms of development and through good design, whilst still achieving the densities and range of typologies assumed in the SHLAA study (see LPVS paragraph 14.2.5 and SHLAA figure 9.7). Taking this into account and the scale of housing need in London, the housing targets for outer boroughs are considered to be appropriate.

[1] The table sets out a summary of the main comments on the London Plan Viability Study (LPVS) and technical appendices submitted during the consultation period on the Draft London Plan and a response to the comments.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
H2 Small Sites	London Borough of Harrow	Small sites	The LPVS does not consider the types of developments envisaged by the small sites policy.	Policy H2 states that small sites should play a much greater role in housing delivery and introduces a presumption in favour of small housing developments between 1 and 25 homes. Policy H6 Threshold approach is applicable to schemes on small sites which are major developments and trigger affordable housing requirements. A minor change has been suggested to policy H6 to allow for tenure flexibility for small sites, and where there is no demand from affordable housing providers, boroughs may permit small housing developments, to access the Fast Track Route where the relevant threshold is met off-site or as an in-lieu payment (see Paragraph 4.6.8B). The LPVS tested small sites proposals of eight and 24 dwellings in value bands B to E. The eight unit scheme was viable in each scenario including with higher benchmark land values and the 24 unit scheme was found to be viable (with 35/ 50% affordable housing), except in the lowest value area. The study recognises that in the lowest value band there will be areas where higher values are achieved for various reasons such as higher transport accessibility.
H2 Small sites	London Borough of Wandsworth	Small sites	Redevelopment and conversions cannot be viable where there are high value land uses across many parts of the borough.	Policy H2 states that small sites should play a much greater role in housing delivery and introduces a presumption in favour of small housing developments between one and 25 homes. Policy H6 Threshold approach is applicable to schemes on small sites which are major developments and trigger affordable housing requirements. However, as part of the minor suggested changes policy H6 has been amended to allow for tenure flexibility for small sites, and where there is no demand from affordable housing providers, allows boroughs to permit small housing developments to access the Fast Track Route where the relevant threshold is met off-site or as an in-lieu payment (see Paragraph 4.6.8B). The LPVS tested small sites proposals of eight and 24 dwellings in value bands B to E. The eight unit scheme was viable in each scenario including with higher benchmark land values and the 24 unit scheme was found to be viable (with 35/ 50% affordable housing), except in the lowest value area. The study recognises that in the lowest value band there will be areas where higher values are achieved for various reasons such as higher transport accessibility.
H5 Delivering affordable housing	NHS Property Services (NHSPS), as well as NHS England (NHSE), NHS Improvement (NHSI) and Community Health Partnerships (CHP) (Indigo Planning)	Affordable housing threshold - public land	Threshold approach to public land would mean health facilities cross subsidised by enabling development, may not viably meet threshold level of 50%, which would prevent or delay delivery of NHS facilities. Some public sector land may have low benchmark land values, whilst some may have higher value uses such as offices which could harm viability.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. The plan recognises that where a public sector land owner has an agreement with the Mayor to deliver 50 per cent across a portfolio of sites, the 35 per cent threshold should apply to individual sites. A minor change to Policy H7 has been suggested to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
H5 Delivering affordable housing	London NHS Clinical Commissioning Groups	Affordable housing threshold - public land	Considered that 35% would be more suitable on public land. Some public sector land may have low benchmark land values, whilst some may have higher value uses such as offices which could harm viability.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. The plan recognises that where a public sector land owner has an agreement with the Mayor to deliver 50 per cent across a portfolio of sites, the 35 per cent threshold should apply to individual sites. A minor change has been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.

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H5 Delivering affordable housing	Royal London (CBRE Ltd)	Affordable housing - strategic target	50% strategic target is unrealistic and would lead to developments being unviable.	Policy H5 sets a strategic target for affordable housing delivery from all sources. This includes delivery from registered providers with agreements with the Mayor to provide 50% (approved providers) or 60% (strategic partners) across their programme and borough led developments. Policy H6 sets an affordable housing threshold of 35% and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS testing included 50% and 35% affordable housing and found that this could be supported in a range of circumstances. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
H6 Threshold approach to applications	Meyer Homes (Savills)	Affordable Housing - Threshold Approach	Further consideration of market dynamics of different housing tenures is needed, to ensure the distinct models are considered in relation to meeting 35% threshold.	The LPVS reviewed the development economics of Build to Rent, Purpose-built Shared Living, student accommodation and Specialist older person's housing reflecting their different development and viability characteristics. Tables 4.1 to 4.4 in the LPVS set out the development types tested, and sections 9-12 discuss the viability findings. The affordable housing thresholds for these development types comprise of different tenures reflecting their variable characteristics. For example, the build to rent threshold (Policy H13) consists solely of intermediate affordable housing, for which there is a smaller discount on market values compared with low cost rent tenures. Paragraph 4.15.7 provides flexibility on tenure for Specialist older person's accommodation to qualify for the Fast Track Route where set out in local development plan documents (Policy H15). Affordable student accommodation is required in purpose build student accommodation rather than traditional affordable tenures (Policy H17).
H6 Threshold approach to applications	Crest Nicholson PLC	Affordable housing threshold - industrial land	The respondent objects to the 50% affordable housing threshold on industrial land. There will be constraints when converting to residential use and significant costs. This will impact the viability of such schemes and the respondent considers that the 35% threshold is more appropriate.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. However, in recognition of the additional costs that can arise through the re-provision of industrial floorspace, a minor change has been suggested to Policy H6 so that where there is no net loss, the 35% threshold will apply. A minor change has also been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). For sites considered under the 35% Fast Track Route, Policy H7 enables boroughs to set affordable housing tenures for 40% of the affordable provision according to local circumstances. There is presumption in favour of low cost rent tenures however paragraph 4.7.2 recognises that a broader mix of affordable housing tenures will be more appropriate for some boroughs because of viability constraints. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
H6 Threshold approach to applications	Lendlease (Litchfields)	Affordable housing threshold - industrial land	50% threshold on industrial land has not been sufficiently tested. The NPPF requires that the cumulative impact of policies should not put implementation of the plan at serious risk.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. However, in recognition of the additional costs that can arise through the re-provision of industrial floorspace, as part of the Mayor's Minor Suggested Changes Policy H6 has been amended so that where there is no net loss, the 35% threshold will apply. In addition, a minor change has been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). For sites considered under the 35% threshold, Policy H7 enables boroughs to set affordable housing tenures for 40% of the affordable provision according to local circumstances. There is presumption in favour of low cost rent tenures however paragraph 4.7.2 recognises that a broader mix of affordable housing tenures will be more appropriate for some boroughs because of viability constraints. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.

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H6 Threshold approach to applications	Royal London (CBRE Ltd)	Affordable Housing - Threshold Approach	The 35% threshold is too high and the respondent considers 25% to be more appropriate.	Policy H6 sets an affordable housing threshold of 35% for private led schemes to qualify for the Fast Track Route. This approach, which was introduced through the Affordable Housing and Viability SPG has helped to provide greater certainty, embedding affordable housing requirements in land values and speeded up the planning process. It is well understood and has been increasing affordable housing delivery in London above the low levels secured in recent years. The LPVS found that 35% affordable housing is viable across the value bands with the appropriate form of development and tenure. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
H6 Threshold approach to applications	Dagenham Dock Limited (Iceni Projects)	Affordable housing threshold - industrial land	Policy H6 does not take into account the extensive costs often associated with the clearance and remediation of industrial sites which have been subject to previous contaminating uses.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. However, in recognition of the additional costs that can arise through the re-provision of industrial floorspace, a minor change has been suggested to Policy H6 so that where there is no net loss, the 35% threshold will apply. A minor change has also been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). For sites considered under the 35% threshold, Policy H7 enables boroughs to set affordable housing tenures for 40% of the affordable provision according to local circumstances. There is presumption in favour of low cost rent tenures however paragraph 4.7.2 recognises that a broader mix of affordable housing tenures will be more appropriate for some boroughs because of viability constraints. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
H6 Threshold approach to applications	London Borough of Bexley	Affordable housing threshold - public and industrial land	Achieving the threshold for public and industrial land in Bexley will be challenging due to low land values and high build costs.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. However, in recognition of the additional costs that can arise through the re-provision of industrial floorspace, a minor change has been suggested to Policy H6 so that where there is no net loss, the 35% threshold will apply. The plan recognises that where a public sector land owner has an agreement with the Mayor to deliver 50 per cent across a portfolio of sites, the 35 per cent threshold should apply to individual sites. Another minor change to Policy H6 has been suggested to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). For sites considered under the 35% threshold, Policy H7 enables boroughs to set affordable housing tenures for 40% of the affordable provision according to local circumstances. There is presumption in favour of low cost rent tenures however paragraph 4.7.2 recognises that a broader mix of affordable housing tenures will be more appropriate for some boroughs because of viability constraints. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.

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H6 Threshold approach to applications	London First	Affordable Housing - Threshold Approach	50% is not viable on industrial land. The 35% threshold will be more difficult to achieve in some boroughs than others.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. However, in recognition of the additional costs that can arise through the re-provision of industrial floorspace. However, in recognition of the additional costs that can arise through the re-provision of industrial floorspace, a minor change has been suggested to Policy H6 so that where there is no net loss, the 35% threshold will apply. A minor change has also been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). For sites considered under the Fast Track Route, Policy H7 enables boroughs to set affordable housing tenures for 40% of the affordable provision according to local circumstances. There is presumption in favour of low cost rent tenures however paragraph 4.7.2 recognises that a broader mix of affordable housing tenures will be more appropriate for some boroughs because of viability constraints. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
H6 Threshold approach to applications	Galliard Homes	Affordable housing threshold - public and industrial land	An insistence of 50% affordable housing is unviable and impacts on the potential to deliver regeneration benefits	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. However, in recognition of the additional costs that can arise through the re-provision of industrial floorspace, a minor change has been suggested to Policy H6 so that where there is no net loss, the 35% threshold will apply. The plan recognises that where a public sector land owner has an agreement with the Mayor to deliver 50 per cent across a portfolio of sites, the 35 per cent threshold should apply to individual sites. A minor change has also been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). For sites considered under the 35% threshold, Policy H7 enables boroughs to set affordable housing tenures for 40% of the affordable provision according to local circumstances. There is presumption in favour of low cost rent tenures however paragraph 4.7.2 recognises that a broader mix of affordable housing tenures will be more appropriate for some boroughs because of viability constraints. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
H6 Threshold approach to applications	London NHS Clinical Commissioning Groups	Affordable housing threshold - public land	Considered that 35% would be more suitable on public land. Some public sector land may have low benchmark land values, whilst some may have higher value uses such as offices which could harm viability.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. The plan recognises that where a public sector land owner has an agreement with the Mayor to deliver 50 per cent across a portfolio of sites, the 35 per cent threshold should apply to individual sites. A minor change has been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.

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H6 Threshold approach to applications	NHS Property Services (NHSPS), as well as NHS England (NHSE), NHS Improvement (NHSI) and Community Health Partnerships (CHP) (Indigo Planning)	Affordable housing threshold - public land	Threshold approach to public land would mean health facilities cross subsidised by enabling development, may not viably meet threshold level of 50%, which would prevent or delay delivery of NHS facilities. Some public sector land may have low benchmark land values, whilst some may have higher value uses such as offices which could harm viability.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. The plan recognises that where a public sector land owner has an agreement with the Mayor to deliver 50 per cent across a portfolio of sites, the 35 per cent threshold should apply to individual sites. A minor change to Policy H7 has been suggested to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
H6 Threshold approach to applications	London Borough of Lewisham	Affordable housing threshold - public land	Concerned about 50% threshold on public land, where an enabling development takes place with significant costs. 50% will be difficult to achieve when trying to deliver other obligations, alongside affordable homes.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public land is deliverable in most parts of London with the appropriate form of development and tenure. The plan recognises that where a public sector land owner has an agreement with the Mayor to deliver 50 per cent across a portfolio of sites, the 35 per cent threshold should apply to individual sites. A minor change has been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
Policy H6 - Threshold Approach	Be Living Ltd.	Affordable housing threshold - industrial land	Suggest that 35% threshold should be applied where industrial and residential uses are co-located reflecting additional infrastructure costs and other policy requirements.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. However, in recognition of the additional costs that can arise through the re-provision of industrial floorspace, a minor change has been suggested to Policy H6 so that where there is no net loss, the 35% threshold will apply. A minor change has also been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). For sites considered under the 35% threshold, Policy H7 enables boroughs to set affordable housing tenures for 40% of the affordable provision according to local circumstances. There is presumption in favour of low cost rent tenures however paragraph 4.7.2 recognises that a broader mix of affordable housing tenures will be more appropriate for some boroughs because of viability constraints. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
Policy H7 - Affordable housing tenure	London First	Affordable housing tenure	The 35% threshold will be challenging where residential land value is low and need for social rent is high. Therefore, respondent suggests flexibility in tenure mix to allow for 35% to be delivered on site more easily.	For sites considered under Fast Track Route, Policy H7 requires a minimum of 30% of affordable housing as low cost rent and 30% as intermediate housing. The policy enables boroughs to set affordable housing tenures for the remaining 40% of the affordable provision according to local circumstances. There is presumption in favour of low cost rent tenures however paragraph 4.7.2 recognises that a broader mix of affordable housing tenures will be more appropriate for some boroughs because of viability constraints.

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Policy H7 - Affordable Housing Tenure	Home Builders Federation	Affordable housing tenure	No scenario has been provided in LPVS of what the 40% flexible tenure (to be determined by LPA) could be. Suggest tenure requirement should be determined locally.	For sites considered under the 35% threshold, Policy H7 requires a minimum of 30% of affordable housing as low cost rent and 30% as intermediate housing. The policy enables boroughs to set affordable housing tenures for the remaining 40% of the affordable provision according to local circumstances. Table 9.1 of the LPVS sets out the affordable housing tenure scenarios tested within the study. These are: 1. 60% London Affordable Rent (low cost rent): 40% London Shared Ownership (intermediate); 2. 30% London Affordable Rent: 35% London Living Rent (intermediate): 35% London Shared Ownership; 3. 30% London Affordable Rent: 70% London Shared Ownership. Each of these includes a minimum of 30% low cost rent and 30% intermediate housing (with the remaining 40% either low cost rent or intermediate) which is consistent with policy H7.
Policy H13 Build to rent	Be Living Ltd.	Build to rent - threshold approach	The 35% threshold on BtR Schemes is unlikely to be achievable. Residual valuation methodology should have been used rather than discounted cashflow.	Policy H13 has introduced a threshold for build to rent (BtR) schemes to enable this to benefit from the Fast Track Route (under the Mayor Affordable Housing and Viability Guidance a Fast Track Route is not available). The threshold level of affordable housing for BtR schemes comprises solely of intermediate housing (Discounted Market Rent), in contrast to the threshold for build for sale schemes which includes both low cost rent and intermediate affordable housing. As such the 35% threshold for BtR schemes is not the same as the threshold for build for sale, with the BtR threshold consisting of affordable housing which typically has lower levels of discount to market values. This supports the viability of BtR. The threshold is for a minimum of 30% of the affordable housing at London Living Rent (LLR) levels to qualify for the Fast Track Route. The LPVS found that in most cases 35% affordable housing could be supported providing DMR and LLRs at the levels tested, except in the lowest value areas. At 30% LLRs, the policy threshold has been set at a lower level than the relevant scenarios tested - see tests 2, 5 and 8 which comprise 50% at LLRs, Table 9.2). The policy takes a flexible approach to the remaining affordable units without defining the specific level of discount to market rent, but which should be provided at a range of discounts to market rents based on local need. A minor change has been suggested to clarify that the remaining units should be genuinely affordable and that boroughs may publish guidance setting out the proportion of these homes to be provided at different rental levels to benefit from the Fast Track Route and that in doing so they should have regard to the relationship between the level of discount required and the viability of achieving the relevant threshold level. The LPVS applies a residual valuation methodology to determine the residual land value of the typologies tested. While initial returns within BtR schemes are significantly lower than sales values achieved on completion, rental returns deliver an investment value which can be comparable to initial open market sales values. While some comments advocated the practice of applying a yield to the first-year net operating income as a common valuation methodology, the study applied the discounted cash flow method to assess the present value of a net income stream from Build to Rent Investments. This is a recognised valuation method which is able to account for exit values arising from sale out of rented tenure following the 15 year covenant period specified in Policy H13. An approach that did not account for this could significantly understate the investment value of BtR.

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H13 Build to rent	London First; Grainger	Build to rent	The level of discount to market rent will be low if the level of affordable housing in build to rent schemes (BTR) is high, whereas if discount to market rent is high, the level of affordable housing cannot be high. Suggest it would be more suitable for LPA to decide tenure mix. There are not enough BTR schemes available to robustly justify 35% threshold.	Policy H13 has introduced a threshold for build to rent (BtR) schemes to enable this to benefit from the Fast Track Route (under the Mayor Affordable Housing and Viability Guidance a Fast Track Route is not available). The threshold level of affordable housing for BtR schemes comprises solely of intermediate housing (Discounted Market Rent), in contrast to the threshold for build for sale schemes which includes both low cost rent and intermediate affordable housing. As such the 35% threshold for BtR schemes is not the same as the threshold for build for sale, with the BtR threshold consisting of affordable housing which typically has lower levels of discount to market values. This supports the viability of BtR. The threshold is for a minimum of 30% of the affordable housing at London Living Rent (LLR) levels to qualify for the Fast Track Route. The LPVS found that in most cases 35% affordable housing could be supported providing DMR and LLRs at the levels tested, except in the lowest value areas. At 30% LLRs, the policy threshold has been set at a lower level than the relevant scenarios tested - see tests 2, 5 and 8 which comprise 50% at LLRs, Table 9.2). The policy takes a flexible approach to the remaining affordable units without defining the specific level of discount to market rent, but which should be provided at a range of discounts to market rents based on local need. To clarify that the remaining units should be genuinely affordable and that boroughs may publish guidance setting out the proportion of these homes to be provided at different rental levels to benefit from the Fast Track Route and that in doing so they should have regard to the relationship between the level of discount required and the viability of achieving the relevant threshold level a minor change has been suggested to the Plan.
Policy H15 Specialist older person’s housing	London First	Specialist older person’s housing	Extra care schemes in particular are not viable when tested with 35% affordable housing.	Policy H15 includes an affordable housing threshold which enables specialist older people's accommodation to benefit from the Fast Track Route without the need for viability testing. The policy includes flexibility regarding tenure split where set out in development plan documents (Paragraph 4.15.7). This may comprise of intermediate affordable housing whereas the threshold for conventional housing requires that a minimum of 30% of affordable housing is low cost rent to benefit from the Fast Track Route. A change has been suggested to the Plan to allow some tenure flexibility for small housing developments, and where there is no demand from affordable housing providers, boroughs may permit small housing developments, including those comprised of specialist older people's accommodation, to access the Fast Track Route where the relevant threshold is met off-site or as an in-lieu payment (see Paragraphs 4.6.8B and 4.15.7). The LPVS found that older people’s accommodation is capable of achieving the threshold level of affordable housing in mid value areas and that sheltered housing is generally more viable than extra care, with the typology tested unviable in low value areas. The study recognises that in the lowest value band there will be areas where higher values are achieved for various reasons such as higher transport accessibility. The threshold approach provides consistency and certainty and encourages the provision of affordable homes for older people where it is possible to deliver this. Setting a lower threshold or offsite requirement only would under provide the affordable homes needed by older people which are deliverable on some sites. The plan does however allow for schemes that are not capable of achieving the threshold to be considered on a site-specific basis through the Viability Tested Route.

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H15 Specialist older person's housing	McCarthy and Stone	Specialist older person's housing	The LPVS concludes that older people's housing is unable to provide 50% affordable housing in lower value zones and that extra care housing is able to provide 35% affordable housing in Zone C but not in D and E where a large proportion of new housing is hoped to come forward. While a scheme may be viable on its own terms, the main issue is securing land against schemes which do not have a late stage review and which provide less affordable housing.	Policy H15 includes an affordable housing threshold which enables specialist older people's accommodation to benefit from the Fast Track Route without the need for viability testing. The policy includes flexibility regarding tenure split where set out in development plan documents (Paragraph 4.15.7). This may comprise of intermediate affordable housing whereas the threshold for conventional housing requires that a minimum of 30% of affordable housing is low cost rent to benefit from the Fast Track Route. A minor change has also been suggested to allow for tenure flexibility for small sites, and where there is no demand from affordable housing providers, boroughs may permit small housing developments, including specialist older people's accommodation, to access the Fast Track Route where the relevant threshold is met off-site or as an in-lieu payment (see Paragraphs 4.6.8B and 4.15.7). The LPVS found that older peoples accommodation is capable of achieving the threshold level of affordable housing in mid value areas and that sheltered housing is generally more viable than extra care, with the typology tested unviable in low value areas. The study recognises that in the lowest value band there will be areas where higher values are achieved for various reasons such as higher transport accessibility. The threshold approach provides consistency and certainty and enables the provision of affordable homes for older people where it is possible to deliver this. Setting a lower threshold or offsite requirement only would under provide the affordable homes needed by older people which are deliverable on some sites. The plan does however allow for schemes that are not capable of achieving the threshold to be considered on a site-specific basis. It is not considered that late stage reviews have a detrimental impact on viability because these only require (additional) affordable housing contributions to be provided where the target level of profit has been achieved. Once this is the case the scheme is considered to be viable. A proportion of the surplus profit is retained by the developer to ensure that they are incentivised to maximise value from the scheme. It is not agreed that this would affect finance rates, unless a higher developer return is being targeted over and above the target level that is used to assess whether the development is viable or not. For this to take place viability would need to be significantly better than indicated at application stage.
H15 Specialist older person's housing	Home Builders Federation	Specialist older person's housing	Exception sought for providers of older people's accommodation to provide in-lieu affordable housing contributions. The LPVS concludes that sheltered housing is unable viably to provide 50% affordable housing in the lower value zones and that while Extra Care housing is able to achieve 35% affordable housing in Zone C it cannot in zones D and E. A less prescriptive approach to the application of the threshold should be taken for these types of developments.	Policy H15 includes an affordable housing threshold which enables specialist older people's accommodation to benefit from the Fast Track Route without the need for viability testing. The policy includes flexibility regarding tenure split where set out in development plan documents (Paragraph 4.15.7). This may comprise of intermediate affordable housing whereas the threshold for conventional housing requires that a minimum of 30% of affordable housing is low cost rent to benefit from the Fast Track Route. A minor change has been suggested to the Plan to allow for tenure flexibility for small sites, and where there is no demand from affordable housing providers, boroughs may permit small housing developments, including specialist older people's accommodation, to access the Fast Track Route where the relevant threshold is met off-site or as an in-lieu payment (see Paragraphs 4.6.8B and 4.15.7). The LPVS found that older peoples accommodation is capable of achieving the threshold level of affordable housing in mid value areas and that sheltered housing is generally more viable than extra care, with the typology tested unviable in low value areas. The study recognises that in the lowest value band there will be areas where higher values are achieved for various reasons such as higher transport accessibility. The threshold approach provides consistency and certainty and enables the provision of affordable homes for older people where it is possible to deliver this. Setting a lower threshold or offsite requirement would under provide the affordable homes needed by older people which are deliverable on some sites. The plan does however allow for schemes that are not capable of achieving the threshold to be considered on a site-specific basis.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
H15 Specialist older person’s housing	Gerald Eve	Specialist older person’s housing	Respondent highlights that there is a barrier to delivery of specialist development i.e. older people’s homes, due to the costs associated to such schemes in comparison to conventional schemes. Conventional schemes will benefit from a market advantage and outbid specialist accommodation development. Relies on London First response.	Policy H15 includes an affordable housing threshold which enables specialist older people's accommodation to benefit from the Fast Track Route without the need for viability testing. The policy includes flexibility regarding tenure split where set out in development plan documents (Paragraph 4.15.7). This may comprise of intermediate affordable housing whereas the threshold for conventional housing requires that a minimum of 30% of affordable housing is low cost rent to benefit from the Fast Track Route. A minor change has been suggested to the plan to allow for tenure flexibility for small sites, and where there is no demand from affordable housing providers, boroughs may permit small housing developments, including specialist older people's accommodation, to access the Fast Track Route where the relevant threshold is met off-site or as an in-lieu payment (see Paragraphs 4.6.8B and 4.15.7 of the minor suggested changes). The LPVS found that older peoples accommodation is capable of achieving the threshold level of affordable housing in mid value areas and that sheltered housing is generally more viable than extra care, with the typology tested unviable in low value areas. The study recognises that in the lowest value band there will be areas where higher values are achieved for various reasons such as higher transport accessibility. The threshold approach provides consistency and certainty and enables the provision of affordable homes for older people where it is possible to deliver this. Setting a lower threshold or offsite requirement only would under provide the affordable homes needed by older people which are deliverable on some sites. The plan does however allow for schemes that are not capable of achieving the threshold to be considered on a site-specific basis.
H15 Specialist older person’s	Berkeley Group	Specialist older person’s housing	Specialist homes are larger, are tailored to the needs of older people, and include substantial communal spaces making them less efficient than market housing. Suggest threshold approach to be no higher than 20% for specialist homes to ensure that the provision of specialist housing is not made unviable.	Policy H15 includes an affordable housing threshold which enables specialist older people's accommodation to benefit from the Fast Track Route without the need for viability testing. The policy includes flexibility regarding tenure split where set out in development plan documents (Paragraph 4.15.7). This may comprise of intermediate affordable housing whereas the threshold for conventional housing requires that a minimum of 30% of affordable housing is low cost rent to benefit from the Fast Track Route. A minor change has been suggested to allow for tenure flexibility for small sites, and where there is no demand from affordable housing providers, boroughs may permit small housing developments, including specialist older people's accommodation, to access the Fast Track Route where the relevant threshold is met off-site or as an in-lieu payment (see Paragraphs 4.6.8B and 4.15.7). The LPVS found that older peoples accommodation is capable of achieving the threshold level of affordable housing in mid value areas and that sheltered housing is generally more viable than extra care, with the typology tested unviable in low value areas. The study recognises that in the lowest value band there will be areas where higher values are achieved for various reasons such as higher transport accessibility. The threshold approach provides consistency and certainty and enables the provision of affordable homes for older people where it is possible to deliver this. Setting a lower threshold or offsite requirement only would under provide the affordable homes needed by older people which are deliverable on some sites. The plan does however allow for schemes that are not capable of achieving the threshold to be considered on a site-specific basis.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
H17 Purpose-built student accommodation	London First	Purpose built student accommodation - threshold approach	Student accommodation is different from market housing so applying the same approach to affordable housing is simplistic. Concerned regarding assumptions underpinning viability of 35% policy. While it may be legitimate to seek some form of affordable housing, the approach is likely to constrain supply. The affordable contribution should be based on individual scheme viability.	Policy H17 sets a threshold for student accommodation which makes the Fast Track Route available for this form of development. Student accommodation developments are not required to provide low cost rent or intermediate housing. The affordable offer comprises affordable student accommodation (ASA) the rental cost for which is equal to or below 55 per cent of the maximum income that a new full-time student studying in London and living away from home could receive from the Government's maintenance loan for living costs for that academic year. The viability testing in the LPVS acknowledges that PBSA has different viability characteristics from general housing. Specific testing inputs are used (LPVS tables 4.2, 6.1 and 6.2) and the results are separately reported (10.2.5, 10.2.6, 10.3.1). The testing results show that PBSA is able to support at least 35% affordable student housing and 50% is many circumstances. The threshold approach enables schemes to take the Fast Track Route where they are able to provide the threshold level of ASA, avoiding the need for viability testing at application stage. Without this every individual scheme would need to be viability tested and there would be no clarity regarding the assumptions that providers should make when acquiring land. This is likely to lead to assumptions of lower levels of ASA in order to outbid competitors, with the successful bidder then offsetting the higher land price through offering a lower level of ASA. This approach is circular and highlights the need for a clear threshold level of ASA rather than a different level being negotiated on every site. However, where schemes are genuinely not able to meet the threshold they can be considered under the Viability Tested Route. This will enable schemes to secure consent where there are barriers to delivery.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
H17 (Purpose-Built Student Accommodation)	Tide Construction Ltd/ Unite Students / James R Brown and co Ltd	Purpose built student accommodation - threshold approach	The level of affordable student accommodation is too high alongside Mayoral and Borough CIL and the respondent is concerned this will adversely impact delivery. The LPVS uses two hypothetical similar schemes to test student housing does not justify the threshold approach. Recommended that threshold is amended to 10% affordable student accommodation but that if there is a connection with a higher education provider that no affordable accommodation will be sought. The requirement that 35% affordable student accommodation is secured and that the accommodation is secured for occupation by one or more higher education institution is not justified by robust viability evidence.	Policy H17 sets a threshold for student accommodation which makes the Fast Track Route available for this form of development. Student accommodation developments are not required to provide low cost rent or intermediate housing. The threshold comprises affordable student accommodation (ASA) the rental cost for which is equal to or below 55 per cent of the maximum income that a new full-time student studying in London and living away from home could receive from the Government's maintenance loan for living costs for that academic year. The viability testing in the LPVS acknowledges that PBSA has different viability characteristics from general housing. Specific testing inputs are used (LPVS tables 4.2, 6.1 and 6.2) and the results are separately reported (10.2.5, 10.2.6, 10.3.1). The testing results show that PBSA is able to support at least 35% affordable student housing and 50% is many circumstances. The threshold approach enables schemes to take the Fast Track Route where they are able to provide the threshold level of ASA, avoiding the need for viability testing at application stage. Without this every individual scheme would need to be viability tested and there would be no clarity regarding the assumptions that providers should make when acquiring land. This is likely to lead to assumptions of lower levels of ASA in order to outbid competitors, with the successful bidder then offsetting the higher land price through offering a lower level of ASA. This approach is circular and highlights the need for a clear threshold level of ASA rather than a different level being negotiated on every site. However, where schemes are genuinely not able to meet the threshold they can be considered under the Viability Tested Route. This will enable schemes to secure consent where there are barriers to delivery. The study team considered common student accommodation build typologies in London which tend to be medium/ high flatted blocks and determined that 9 storey and 15 storey typologies were typical of this form of development. These were tested in the five value bands (the equivalent of 10 case studies) which reflect different value areas across London with different levels of ASA considered in 30 tests. The smaller number of typologies tested when compared with residential typologies reflects the lower volume of purpose built student accommodation properties and less variation in scheme types. The LPVS applied student accommodation values that were informed by a number of market and research reports (see Technical Report, Annex B, page 9/10). These are appropriate available evidence sources from which to inform values adopted within the study. These referenced yield ranges which reflect different risk profiles associated with long lease to the educational institution, varying levels of risk share in nominations agreements and direct lets by the investor. Schemes with connections with education providers are associated with lower risk, higher occupancy levels and lower void rent loss which assist viability. Student accommodation values applied within the study were at the lower / mid-range of market values.
Policy E1 Offices	London First	Cumulative impact of policies	The cumulative impact of policies on office development in the CAZ including affordable workspace have not been fully tested.	The LPVS assesses the cumulative impact of the policies of the plan and other relevant standards using appropriate available evidence. Three different office typologies where tested in the Central Area (which is similar to the CAZ) and other value bands. The costs of meeting relevant policies of the plan were considered at Section 7 of the study. This includes affordable workspace, energy, environmental and accessibility standards, cycle and disabled parking, infrastructure and other contributions through CIL, MCIL and S106 and fire safety. Regarding affordable workspace, Policy E3 does not set out a specific level of affordable workspace required but encourages boroughs to set locally specific approaches to affordable workspace that reflect local need and viability. The impact of policies and testing approach is also set out at Annex H. The plan sets out a clear basis for ensuring the delivery of development that is sustainable and is supported by local communities. This will enable policy requirements to be reflected in land values. The plan allows for the viability of individual schemes to be considered where there are genuine circumstances preventing delivery.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
E3 Affordable workspace	London First	Affordable workspace	Policy E3 will be difficult to deliver in practice and the subsidised workspace policy will have an impact on commercial development viability.	As set out in Table 7.4, page 49 an allowance of 10% of floorspace at 80% of market rates has been applied to applicable case studies and value areas. The results show that in conjunction with other policy requirements and development costs the inclusion of affordable workspace requirements as tested does not impact viability in most cases. Policy E3 enables boroughs to set locally specific approaches that reflect local need and viability.
E3 Affordable Workspace	London Borough of Lambeth	Affordable workspace	Support policy and will introduce local policy in response to this. However affordable workspace is unlikely to be viable in CAZ with MCIL 2 proposals.	Affordable workspace was tested within the LPVS, including in the LPVS central value area (see map 7.1 on p44). Overall the LPVS concluded that with the inclusion of affordable workspace was viable in the central value band (see p85). Policy E3 enables boroughs to set locally specific approaches that reflect local need and viability.
E3 Affordable workspace	Berkeley Group	Affordable workspace	Affordable workspace should be limited to commercial developments in exceptional circumstances where evidence demonstrates the need. Where provided it is not practical to provide prior to residential occupation. This could make development unviable together with other policy requirements.	The impact of affordable workspace has been tested in the LPVS. This found that the inclusion of affordable workspace at the level and discount tested (10% of workspace at 80% market rents) did not impact viability in most cases. The study tested this alongside the policies of the plan and concluded that the standards and policies of the plan should not put its implementation at serious risk and should facilitate development throughout the economic cycle.
E3 Affordable workspace	London Property Alliance	Affordable Workspace	Do not agree with statement in LPVS that 'affordable workspace makes little different to viability in most cases'. Suggest that 10% of workspace being offered at 80% DMR should not be benchmark but should be determined locally. LPVS does not take account of office submarkets in the CAZ. LPVS does not carry out sensitivity analysis to account for office market cycles over the plan period or consider the effect of affordable workspace on build costs and yields.	As set out in Table 7.4, page 49 an allowance of 10% of floorspace at 80% of market rates has been applied to relevant case studies and value areas. As stated (for example bullet 3 after Table 12.2, page 95) the difference in viability is a small percentage of residual value and although the actual figure varies slightly case study to case study, the general result is consistent. Whilst it is recognised that there will be variations within the value areas, this is a strategic study as explained in para 7.1.2, page 43 and must adopt a strategic approach in order to identify overall trends. Undertaking site and locational specific testing based on tightly defined submarkets for setting strategic policy would not be appropriate and is not required by guidance on strategic plan testing. The testing approach is based on current values and costs rather than forecasts. Cycles in the market may go up as well as down and the policies of the plan allow for market fluctuations. Policy E3 does not set out a benchmark for the amount of affordable workspace and level of discount to market rent but allows for this to be determined at a local level based on need and viability considerations.
E3 Affordable workspace	Balfour Beatty	Affordable workspace	Does not agree that affordable workspace will not affect viability in most cases. The LPVS only tested 10% of floorspace at 80% of market rent and did not reflect the costs of providing separate self-contained offices under separate occupation and management.	Policy E3 does not require affordable workspace in every situation but rather where there may be pressures on the retention of affordable workspace or where this would sustain a mix of business or cultural uses which contribute to the character of an area. The policy states that boroughs are encouraged to consider more detailed affordable workspace policies in Development Plans in light of local evidence of need and viability. These may include policies on site-specific locations, or defining areas of need for certain kinds of affordable workspace (Part C). The LPVS included affordable workspace within the viability testing for commercial uses and mixed-use schemes in different value areas. It found that the inclusion of affordable workspace makes little difference to viability in most cases. The policy does not require the provision of separate self-contained affordable workspace and it is not considered that this would increase build costs. However as noted above the policy enables boroughs to set locally specific approaches that reflect local need and viability.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
E3 Affordable workspace	London Borough of Harrow	Affordable Workspace	Support for lower cost/affordable workspace but need to consider viability, especially in outer borough areas where scheme are likely to be residential led mixed use.	Policy E3 does not require affordable workspace in every situation but rather where there may be pressures on the retention of affordable workspace or where this would sustain a mix of business or cultural uses which contribute to the character of an area. The policy states that boroughs are encouraged to consider more detailed affordable workspace policies in Development Plans in light of local evidence of need and viability. These may include policies on site-specific locations, or defining areas of need for certain kinds of affordable workspace (Part C). The LPVS included affordable workspace within the viability testing for commercial uses and mixed-use schemes in different value areas. It found that the inclusion of affordable workspace makes little difference to viability in most cases. However as noted above the policy enables boroughs to set locally specific approaches that reflect local need and viability.
E7 Intensification, co-location and substitution of land industry, logistics and services to support London's economic function	London Riverside BID + GLA Industrial BIDs Group	Industrial intensification	The LPVS only tested single storey industrial developments and has not fully tested the viability of multi-storey industrial schemes across the non-residential scenarios tested. The respondent is concerned that there is limited evidence to demonstrate if and where this innovative type of development will work in London.	The industrial intensification case studies in the LVPS included multi-storey development - see case study NR10 which is a mixed use industrial intensification scheme with four storeys of B8 use and 8 storeys of residential (table 4.3). The study found that this scheme is viable with 50% affordable housing in Band C, and 35% affordable housing in Band D. As noted above, the Mayor has made a minor suggested change to Policy H6 to allow schemes re-providing an equivalent or greater amount of industrial floorspace to qualify for the Fast Track Route with 35% affordable housing. A further minor change to Policy H7 has been suggested to make clear that affordable housing tenure in schemes providing more than 35% affordable housing is flexible. This could comprise all intermediate affordable housing which would assist viability. These typologies were found to be unviable in the lowest value band E, however the study notes that this arises on higher density typologies which have been tested across the value bands, whereas in reality variation in built form will occur from site to site, appropriate to the location. Viability would be improved across the non-residential elements in areas with high (industrial/logistics) demand and with less costly forms of development such as reduced storey heights compared with the four storey scenario tested. The value bands assumed are broad in their coverage and there will be locations within lower value bands which have higher value characteristics, for example, near transport hubs and town centres and which may benefit from major planned transport investment (and other infrastructure) such as the Elizabeth Line.
E7 Intensification, co-location and substitution of land industry, logistics and services to support London's economic function	Berkeley Group	Industrial co-location	The provision of industrial, storage or distribution floorspace in a mixed-use development might be technically challenging and present viability challenges alongside 50% affordable housing threshold.	The re-provision of industrial, storage or distribution floorspace in mixed use developments is feasible as demonstrated in recent proposals. The LPVS tested mixed use typologies including industrial and residential floorspace (NR10 and 11). This found that the provision of industrial floorspace and 50% affordable housing could be supported except in the lowest value residential areas. Viability would be improved across the non-residential elements in areas with high (industrial/logistics) demand and with less costly forms of development such as reduced storey heights compared with the four storey scenario tested (NR 10). A minor change has been suggested to Policy H6 so that schemes re-providing the existing level of industrial floorspace (or greater) will qualify for the Fast Track Route when providing 35% affordable housing. A minor change has also been suggested for Policy H7 to make clear that affordable housing tenure in schemes providing more than 35% affordable housing is flexible. This could comprise all intermediate affordable housing which would assist viability.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
G5 Urban greening	Berkeley Group	Urban greening factor	Cost of urban greening needs to be considered and potential opportunity cost of reduced floorspace	Policy G5 states that boroughs should develop an Urban Greening Factor which is tailored to local circumstances. This enables boroughs to develop approaches that are suitable to typical development typologies, including in central London. Urban greening should be integrated within the layout and design of developments. The LPVS includes urban greening within the cost allowances for external works (see main report paragraph 5.6.11, 6.3.7, 7.2.6, and G5 within the policy review on Annex H, p43). The policy allows flexibility when determining appropriate urban greening types according the circumstances of individual schemes. It is not expected that this would result in reduced floorspace. Applicants can select the most suitable urban greening types which may also contribute towards meeting other policies relating to open space provision, trees, sustainable drainage, biodiversity, air quality, etc. The majority are typical in developments (reflecting current LP policy 5.10 Urban Greening). It is expected that developments would apply other types only if there is a commercial case for doing so. A minor change has been suggested to the policy to clarify that existing green space or natural vegetation retained on site should count towards developments aiming to achieve the interim target scores.
G5 Urban greening	WYG	Urban greening factor	Limited testing of policy and when taken along with all other policy requirements it is a significant burden upon development proposals.	Policy G5 states that boroughs should develop an Urban Greening Factor which is tailored to local circumstances. This enables boroughs to develop approaches that are suitable to typical development typologies, including in central London. Urban greening should be integrated within the layout and design of developments. The LPVS includes urban greening within the cost allowances for external works (see main report paragraph 5.6.11, 6.3.7, 7.2.6, and G5 within the policy review on Annex H, p43). The policy allows flexibility when determining appropriate urban greening types according the circumstances of individual schemes. It is not expected that this would result in reduced floorspace. Applicants can select the most suitable urban greening types which may also contribute towards meeting other policies relating to open space provision, trees, sustainable drainage, biodiversity, air quality, etc. The majority are typical in developments (reflecting current LP policy 5.10 Urban Greening). It is expected that developments would apply other types only if there is a commercial case for doing so. A minor change has been suggested to the policy to clarify that existing green space or natural vegetation retained on site should count towards developments aiming to achieve the interim target scores.
G5 Urban greening	Lendlease (Litchfields)	Urban greening factor	LPVS does not test costs of Urban greening to justify viability of policy, therefore not consistent with NPPF. Changes would be needed to Central London developments to allow for green roofs.	Policy G5 states that boroughs should develop an Urban Greening Factor which is tailored to local circumstances. This enables boroughs to develop approaches that are suitable to typical development typologies, including in central London. Urban greening should be integrated within the layout and design of developments. The LPVS includes urban greening within the cost allowances for external works (see main report paragraph 5.6.11, 6.3.7, 7.2.6, and G5 within the policy review on Annex H, p43). The policy allows flexibility when determining appropriate urban greening types according the circumstances of individual schemes. It is not expected that this would result in reduced floorspace. Applicants can select the most suitable urban greening types which may also contribute towards meeting other policies relating to open space provision, trees, sustainable drainage, biodiversity, air quality, etc. The majority are typical in developments (reflecting current LP policy 5.10 Urban Greening). It is expected that developments would apply other types only if there is a commercial case for doing so. A minor change has been suggested to clarify that existing green space or natural vegetation retained on site should count towards developments aiming to achieve the interim target scores.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
G5 Urban greening	London First	Urban greening factor	LPVS does not test costs of Urban greening to justify viability of policy, therefore not consistent with NPPF. Changes would be needed to Central London developments to allow for green roofs.	Policy G5 states that boroughs should develop an Urban Greening Factor which is tailored to local circumstances. This enables boroughs to develop approaches that are suitable to typical development typologies, including in central London. Urban greening should be integrated within the layout and design of developments. The LPVS includes urban greening within the cost allowances for external works (see main report paragraph 5.6.11, 6.3.7, 7.2.6, and G5 within the policy review on Annex H, p43). The policy allows flexibility when determining appropriate urban greening types according the circumstances of individual schemes. It is not expected that this would result in reduced floorspace. Applicants can select the most suitable urban greening types which may also contribute towards meeting other policies relating to open space provision, trees, sustainable drainage, biodiversity, air quality, etc. The majority are typical in developments (reflecting current LP policy 5.10 Urban Greening). It is expected that developments would apply other types only if there is a commercial case for doing so. A minor change has been suggested to this policy to clarify that existing green space or natural vegetation retained on site should count towards developments aiming to achieve the interim target scores.
G5 Urban greening	Aberfeldy New Village LLP	Urban greening factor	LPVS does not test costs of Urban greening to justify viability of policy, therefore not consistent with NPPF. Changes would be needed to Central London developments to allow for green roofs.	Policy G5 states that boroughs should develop an Urban Greening Factor which is tailored to local circumstances. This enables boroughs to develop approaches that are suitable to typical development typologies, including in central London. Urban greening should be integrated within the layout and design of developments. The LPVS includes urban greening within the cost allowances for external works (see main report paragraph 5.6.11, 6.3.7, 7.2.6, and G5 within the policy review on Annex H, p43). The policy allows flexibility when determining appropriate urban greening types according the circumstances of individual schemes. It is not expected that this would result in reduced floorspace. Applicants can select the most suitable urban greening types which may also contribute towards meeting other policies relating to open space provision, trees, sustainable drainage, biodiversity, air quality, etc. The majority are typical in developments (reflecting current LP policy 5.10 Urban Greening). It is expected that developments would apply other types only if there is a commercial case for doing so. A minor change has been suggested to the policy to clarify that existing green space or natural vegetation retained on site should count towards developments aiming to achieve the interim target scores.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
SI 1 improving Air Quality	British Land	Air quality	Impact of air quality positive on viability needs to be worked through.	The focus of Policy SI1 is on the use of design solutions and for applicants to propose approaches to prevent or minimise increased exposure to existing air pollution and make provision to address local problems of air quality. This applies particularly in Air Quality Focus Areas or areas likely to be used by large number of people vulnerable to poor air quality. Large scale developments and that are subject to EIA should propose methods of achieving air quality positive while other developments should be air quality neutral. Policy SI1 is also closely linked to plan policies on cleaner heating and energy, parking, public transport, walking and cycling. Schemes that do not exceed the parking standards of the plan, that meet energy efficiency standards and use 'ultra-low NOx' gas boilers should achieve air quality neutral. The policy is not prescriptive regarding approaches to achieving air quality positive. While it is for applicants to determine the appropriate approach to improving air quality as part of the design process the LPVS tested the possible cost implications in relation to measures for minimising greenhouse gases, urban greening, electric vehicle charging, cycle parking, S106 and CIL contributions (off-site provision). A minor change to Policy SI 1 Part A (3) has been suggested to clarify that the policy applies principally at the master planning stage of the development. At this stage design and layout options are more fluid and it is possible to consider built form, layout and the interactions between emissions sources and public spaces as part of the design optimisation process for the largest development proposals. This change is intended to make it clearer that air quality positive will focus principally on design matters, at the stage in development when they can be effectively addressed, rather than resulting in significant costs to developments and avoiding the need for retrospective mitigation measures such as sealed windows with mechanical ventilation.
SI1 Improving air quality	Berkeley Group	Air quality	Costs of air quality policy needs to be considered.	The focus of Policy SI1 is on the use of design solutions and for applicants to propose approaches to prevent or minimise increased exposure to existing air pollution and make provision to address local problems of air quality. This applies particularly in Air Quality Focus Areas or areas likely to be used by large number of people vulnerable to poor air quality. Large scale developments and that are subject to EIA should propose methods of achieving air quality positive while other developments should be air quality neutral. Policy SI1 is also closely linked to plan policies on cleaner heating and energy, parking, public transport, walking and cycling. Schemes that do not exceed the parking standards of the plan, that meet energy efficiency standards and use 'ultra-low NOx' gas boilers should achieve air quality neutral. The policy is not prescriptive regarding approaches to achieving air quality positive. While it is for applicants to determine the appropriate approach to improving air quality as part of the design process the LPVS tested the possible cost implications in relation to measures for minimising greenhouse gases, urban greening, electric vehicle charging, cycle parking, S106 and CIL contributions (off-site provision). A minor change to Policy SI 1 Part A (3) has been suggested to clarify that the policy applies principally at the master planning stage of the development. At this stage design and layout options are more fluid and it is possible to consider built form, layout and the interactions between emissions sources and public spaces as part of the design optimisation process for the largest development proposals. This change is intended to make it clearer that air quality positive will focus principally on design matters, at the stage in development when they can be effectively addressed, rather than resulting in significant costs to developments and avoiding the need for retrospective mitigation measures such as sealed windows with mechanical ventilation.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
SI1 Improving air quality	WYG	Air quality	The LPVS does not provide evidence of testing the associated costs of Policy SI1	The focus of Policy SI1 is on the use of design solutions and for applicants to propose approaches to prevent or minimise increased exposure to existing air pollution and make provision to address local problems of air quality. This applies particularly in Air Quality Focus Areas or areas likely to be used by large number of people vulnerable to poor air quality. Large scale developments and that are subject to EIA should propose methods of achieving air quality positive while other developments should be air quality neutral. Policy SI1 is also closely linked to plan policies on cleaner heating and energy, parking, public transport, walking and cycling. Schemes that do not exceed the parking standards of the plan, that meet energy efficiency standards and use 'ultra-low NOx' gas boilers should achieve air quality neutral. The policy is not prescriptive regarding approaches to achieving air quality positive. While it is for applicants to determine the appropriate approach to improving air quality as part of the design process the LPVS tested the possible cost implications in relation to measures for minimising greenhouse gases, urban greening, electric vehicle charging, cycle parking, S106 and CIL contributions (off-site provision). A minor change has been suggested to Policy SI 1 Part A (3) to clarify that the policy applies principally at the master planning stage of the development. At this stage design and layout options are more fluid and it is possible to consider built form, layout and the interactions between emissions sources and public spaces as part of the design optimisation process for the largest development proposals. This change is intended to make it clearer that air quality positive will focus principally on design matters, at the stage in development when they can be effectively addressed, rather than resulting in significant costs to developments and avoiding the need for retrospective mitigation measures such as sealed windows with mechanical ventilation.
SI1 Improving air quality	London First	Air quality	Support the policy but concerned about viability and around how air quality positive will be quantified/measured.	The focus of Policy SI1 is on the use of design solutions and for applicants to propose approaches to prevent or minimise increased exposure to existing air pollution and make provision to address local problems of air quality. This applies particularly in Air Quality Focus Areas or areas likely to be used by large number of people vulnerable to poor air quality. Large scale developments and that are subject to EIA should propose methods of achieving air quality positive while other developments should be air quality neutral. Policy SI1 is also closely linked to plan policies on cleaner heating and energy, parking, public transport, walking and cycling. Schemes that do not exceed the parking standards of the plan, that meet energy efficiency standards and use 'ultra-low NOx' gas boilers should achieve air quality neutral. The policy is not prescriptive regarding approaches to achieving air quality positive. While it is for applicants to determine the appropriate approach to improving air quality as part of the design process the LPVS tested the possible cost implications in relation to measures for minimising greenhouse gases, urban greening, electric vehicle charging, cycle parking, S106 and CIL contributions (off-site provision). A minor change has been suggested to Policy SI 1 Part A (3) to clarify that the policy applies principally at the master planning stage of the development. At this stage design and layout options are more fluid and it is possible to consider built form, layout and the interactions between emissions sources and public spaces as part of the design optimisation process for the largest development proposals. This change is intended to make it clearer that air quality positive will focus principally on design matters, at the stage in development when they can be effectively addressed, rather than resulting in significant costs to developments and avoiding the need for retrospective mitigation measures such as sealed windows with mechanical ventilation.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
SI2 Minimising greenhouse gas emissions	Old Oak and Park Royal Development Corporation	Energy efficiency	Welcome this policy, but may present cost and viability challenges with tall buildings.	The LPVS has taken into account the cumulative impact of the draft London Plan policies. This includes allowances for meeting the Plan's energy standards based on the analysis undertaken by Buro Happold. The additional allowances for residential development were £1,500/unit for energy efficiency plus £1,853/unit carbon offsetting. Allowances for carbon offset payments for non-residential development were also included (office development - £43.72 per sq m, hotel development - £86.33 per sq m). The study tested schemes with taller builders with higher build cost rates and target returns. The baseline capital cost benchmarking used by Turner & Townsend reflects typical current performance as part of meeting the existing London Plan 35% onsite carbon reduction target and included BREEAM excellent for commercial office facilities and BREEAM very good for industrial, hotel and retail facilities. The LPVS found that with the inclusion of these costs, most development types can proceed whilst meeting the standards and policies in the London Plan. If individual schemes face viability challenges, the plan allows for this to be considered under the Viability Tested Route.
SI2 Minimising greenhouse gas emissions	London Borough of Bromley	Energy efficiency	The policy is supported but flexibility is sought where constraints and costs may be significant. The zero carbon target on non-residential development may have viability issues.	The LPVS has taken into account the cumulative impact of the draft London Plan policies. This includes allowances for meeting the Plan's energy standards based on the analysis undertaken by Buro Happold. The allowances for residential development were £1,500/unit for energy efficiency plus £1,853/unit carbon offsetting. Allowances for carbon offset payments for non-residential development were also included (office development - £43.72 per sq m, hotel development - £86.33 per sq m). The baseline capital cost benchmarking used by Turner & Townsend reflects typical current performance as part of meeting the existing London Plan 35% onsite carbon reduction target and included BREEAM excellent for commercial office facilities and BREEAM very good for industrial, hotel and retail facilities. The LPVS found that with the inclusion of these costs, most development types can proceed whilst meeting the standards and policies in the London Plan. If individual schemes face viability challenges, the plan allows for this to be considered under the Viability Tested Route.
SI2 Minimising greenhouse gas emissions	City of London Corporation	Zero carbon target	LPVS does not consider implications of zero carbon construction on viability.	Through the minor suggested changes the zero-carbon target has been clarified to apply only to operational carbon emissions as is the case with existing London Plan policy 5.2. Emissions associated with construction should be included as part of a whole life-cycle carbon emissions assessment.
SI2 Minimising greenhouse gas emissions	London First	Carbon offset	Cost of zero carbon target in non-domestic buildings are significant and not enough case studies have been considered to assess costs.	The LPVS has taken into account the cumulative impact of the draft London Plan policies. This includes allowances for meeting the Plan's energy standards based on the analysis undertaken by Buro Happold. The allowances for residential development were £1,500/unit for energy efficiency plus £1,853/unit carbon offsetting. Allowances for carbon offset payments for non-residential development were also included (office development - £43.72 per sq m, hotel development - £86.33 per sq m). The baseline capital cost benchmarking used by Turner & Townsend reflects typical current performance as part of meeting the existing London Plan 35% onsite carbon reduction target and included BREEAM excellent for commercial office facilities and BREEAM very good for industrial, hotel and retail facilities. The LPVS found that with the inclusion of these costs, most development types can proceed whilst meeting the standards and policies in the London Plan. If individual schemes face viability challenges, the plan allows for this to be considered under the Viability Tested Route.
SI2 Minimising greenhouse gas emissions	Berkeley Group	Zero carbon target	Further guidance sought on minimising embodied carbon and cost needs to be tested in viability study	The minor suggested changes clarify that the zero-carbon target applies only to operational carbon emissions as is the case with the existing London Plan policy. Emissions associated with construction should be included as part of a whole life-cycle carbon emissions assessment.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
SI2 Minimising greenhouse gas emissions	London Property Alliance	Carbon offset	The carbon offset price alongside the requirement to meet a zero carbon target will have a significant adverse impact on viability. The financial impact has not been assessed alongside the other viability implications of other policies.	The LPVS has taken into account the cumulative impact of the draft London Plan policies. This includes allowances for meeting the Plan's energy standards based on the analysis undertaken by Buro Happold. The allowances for residential development were £1,500/unit for energy efficiency plus £1,853/unit carbon offsetting. Allowances for carbon offset payments for non-residential development were also included (office development - £43.72 per sq m, hotel development - £86.33 per sq m). The baseline capital cost benchmarking used by Turner & Townsend reflects typical current performance as part of meeting the existing London Plan 35% onsite carbon reduction target and included BREEAM excellent for commercial office facilities and BREEAM very good for industrial, hotel and retail facilities. The zero-carbon target has been clarified to apply only to operational carbon emissions as is the case with the existing London Plan policy. Emissions associated with construction should be included as part of a whole life-cycle carbon emissions assessment. The LPVS found that with the inclusion of these costs, most development types can proceed whilst meeting the standards and policies in the London Plan. If individual schemes face viability challenges, the plan allows for this to be considered under the Viability Tested Route.
SI2 Minimising greenhouse gas emissions	McCarthy and Stone Retirement Ltd	Zero carbon target	Cost of minimising greenhouse gas emissions needs to be factored into LPVS.	The LPVS has taken into account the cumulative impact of the draft London Plan policies. This includes allowances for meeting the Plan's energy standards based on the analysis undertaken by Buro Happold. The allowances for residential development were £1,500/unit for energy efficiency plus £1,853/unit carbon offsetting. Allowances for carbon offset payments for non-residential development were also included (office development - £43.72 per sq m, hotel development - £86.33 per sq m). The baseline capital cost benchmarking used by Turner & Townsend reflects typical current performance as part of meeting the existing London Plan 35% onsite carbon reduction target and included BREEAM excellent for commercial office facilities and BREEAM very good for industrial, hotel and retail facilities. The LPVS found that with the inclusion of these costs, most development types can proceed whilst meeting the standards and policies in the London Plan. If individual schemes face viability challenges, the plan allows for this to be considered under the Viability Tested Route.
SI2 Minimising greenhouse gas emissions	British Property Federation	Carbon offset	Cost of zero carbon target in non-domestic buildings are significant and not enough case studies have been considered to assess costs.	The Buro Happold and AECOM reports show that the majority of non-residential development can achieve the 15% energy efficiency target. The baseline capital cost benchmarking used by Turner & Townsend reflects typical current performance as part of meeting the existing London Plan 35% onsite carbon reduction target and included BREEAM excellent for commercial office facilities and BREEAM very good for industrial, hotel and retail facilities. It is recognised that this target may be less achievable for specific types of non-residential development (e.g. hotels) due to the limitations of the standard calculation methodology and these will be assessed on a case-by-case basis.
SI2 Minimising greenhouse gas emissions	British Land	Carbon offset	The zero carbon target and carbon off-set payment will have a significant impact on development viability which has not been tested.	The LPVS has taken into account the cumulative impact of the draft London Plan policies. This includes allowances for meeting the Plan's energy standards based on the analysis undertaken by Buro Happold. The allowances for residential development were £1,500/unit for energy efficiency plus £1,853/unit carbon offsetting. Allowances for carbon offset payments for non-residential development were also included (office development - £43.72 per sq m, hotel development - £86.33 per sq m). The LPVS found that with the inclusion of these costs, most development types can proceed whilst meeting the standards and policies in the London Plan. If individual schemes face viability challenges, the plan allows for this to be considered under the Viability Tested Route.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
SI2 Minimising greenhouse gas emissions	Royal London (CBRE Ltd)	Carbon offset	Consider no additional contribution beyond onsite target reductions in policy should be made and will otherwise place pressure on development.	The LPVS has taken into account the cumulative impact of the draft London Plan policies. This includes allowances for meeting the Plan's energy standards based on the analysis undertaken by Buro Happold. The allowances for residential development were £1,500/unit for energy efficiency plus £1,853/unit carbon offsetting. Allowances for carbon offset payments for non-residential development were also included (office development - £43.72 per sq m, hotel development - £86.33 per sq m). The LPVS found that with the inclusion of these costs, most development types can proceed whilst meeting the standards and policies in the London Plan. If individual schemes face viability challenges, the plan allows for this to be considered under the Viability Tested Route.
S12 Minimising greenhouse gas emissions	PCS Trade Union	Zero carbon target	Cost of applying policy could lead to reduction in affordable housing due to viability.	The LPVS has taken into account the cumulative impact of the draft London Plan policies. This includes allowances for meeting the Plan's energy standards based on the analysis undertaken by Buro Happold. The allowances for residential development were £1,500/unit for energy efficiency plus £1,853/unit carbon offsetting. Allowances for carbon offset payments for non-residential development were also included (office development - £43.72 per sq m, hotel development - £86.33 per sq m). The baseline capital cost benchmarking used by Turner & Townsend reflects typical current performance as part of meeting the existing London Plan 35% onsite carbon reduction target and included BREEAM excellent for commercial office facilities and BREEAM very good for industrial, hotel and retail facilities. The LPVS found that with the inclusion of these costs, most development types can proceed whilst meeting the standards and policies in the London Plan. If individual schemes face viability challenges, the plan allows for this to be considered under the Viability Tested Route.
DF1 Delivery of the Plan and Planning Obligations	Berkeley Group	Delivery of the plan and planning obligations	It may not be possible to reflect all planning obligations in land value due to specific circumstances e.g. there may be sites that have been purchased prior to draft Plan being adopted. The council should not determine whether it is appropriate to assess viability on a site-specific basis or the weight to be given to it.	It is important that planning policies are reflected in land values as set out in relevant guidance. Applications are determined against the policies that apply at the time of the application. This forms part of developer risk which informs target returns which are the reward for risk. It is not the role of viability assessments to mitigate risk for developers or guarantee levels of profit. Schemes with genuine barriers to delivery can be considered under the Viability Tested Route. It is for applicants to demonstrate that such barriers exist and for councils to assess this. This approach is important to help to ensure that policies are taken into account by applicants when purchasing land and forming development proposals which may not happen if viability assessments can be relied on in every case to reduce policy requirements.
DF1 Delivery of the Plan and Planning Obligations	McCarthy and Stone	Delivery of the plan and planning obligations	The LPVS recognises that viability varies across the city and does not cover all development scenarios. As such site by site viability testing must be allowed to ensure flexibility so that housing supply is not impacted.	The LPVS recognises that viability varies between schemes and value bands. It found that most development types are able to meet the policy requirements of the draft London Plan. This provides an appropriate basis for setting the standards of the plan, which allows for site specific viability testing where there are genuine barriers to delivery. It is for applicants to demonstrate that such barriers exist and for councils to assess this. This approach is important to help to ensure that policies are taken into account by applicants when purchasing land and forming development proposals which may not happen if viability assessments can be relied on in every case to reduce policy requirements.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Berkeley Group	Abnormal costs	Abnormal costs in LPVS do not reflect the scale of costs in regeneration schemes from demolition and remediation.	The LPVS assumed that all development tested would be on previously developed land and made an allowance for the cost of demolition which was calculated on the basis of the whole site area. Additional testing was also undertaken with an allowance for abnormal costs which will vary from case to case. It is not possible to test every abnormal cost scenario in a strategic study and this could result in misleading outcomes insofar as significant abnormal costs are atypical of the majority of schemes. It is expected that abnormal development costs will influence land values. It is also noted that Contaminated Land Tax Relief may be available for developers and businesses to claim relief against the cost of remediating contaminated sites. Notwithstanding this some sites may have significant exceptional costs which present barriers to delivery. Policy H6 allows for such schemes with to be considered under the Viability Tested Route. Whilst these sites are not representative of the majority, the threshold approach enables such costs to be taken into account on a site-specific basis where they would prevent a scheme from coming forward.
LPVS	London First	Abnormal costs	Build costs in LPVS do not factor in cost of remediation and significant demolition costs.	The LPVS assumed that all development tested would be on previously developed land and made an allowance for the cost of demolition which was calculated on the basis of the whole site area. Additional testing was also undertaken with an allowance for abnormal costs which will vary from case to case. It is not possible to test every abnormal cost scenario in a strategic study and this could result in misleading outcomes insofar as significant abnormal costs are atypical of the majority of schemes. It is expected that abnormal development costs will influence land values. It is also noted that Contaminated Land Tax Relief may be available for developers and businesses to claim relief against the cost of remediating contaminated sites. Notwithstanding this some sites may have significant exceptional costs which present barriers to delivery. Policy H6 allows for such schemes with to be considered under the Viability Tested Route. Whilst these sites are not representative of the majority, the threshold approach enables such costs to be taken into account on a site-specific basis where they would prevent a scheme from coming forward.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Scotia Gas Networks (Quod)	Abnormal costs - gasholder sites	LPVS does not consider unique requirements or the significant abnormal costs of gasholder sites. The LPVS adopted abnormal costs which does not include contamination and that appear relatively low in the context of gasholder sites. A development appraisal for a specific gasholder site with abnormal costs has been provided which generates a negative land value.	The LPVS assumed that all development tested would be on previously developed land and made an allowance for the cost of demolition which was calculated on the basis of the whole site area. Additional testing was also undertaken with an allowance for abnormal costs which will vary from case to case. It is expected that abnormal development costs will influence land values. It is also noted that Contaminated Land Tax Relief may be available for developers and businesses to claim relief against the cost of remediating contaminated sites. Notwithstanding this some sites may have significant exceptional costs which are not representative of typical sites. If it is shown that exceptional costs present barriers to delivery Policy H6 allows for schemes to be considered under the Viability Tested Route. This enables significant exceptional costs to be taken into account. The viability appraisal provided by the respondent for a specific gasholder site adopts similar assumptions to the LPVS for a 210 residential unit proposal, although with higher abnormal costs relevant to the site, lower build costs, a higher gross development value and a higher profit level to account for the specific risks associated with the site. When developments costs including abnormal costs of £6.25m are deducted from the gross development value of c. £101m, the proposal generates a negative land value of £1.5m. This has been tested with 35% affordable housing comprising of 70% social rent and 30% intermediate units by tenure. The respondent has not indicated what level of landowner return is considered to be necessary although states that it would not be released for less than a nil value. As noted above, for sites with significant abnormal costs, it would be expected that a lower level benchmark land value would be required compared to a site without such costs, as a developer would factor in the costs of works necessary to bring forward a site for development. The site has not been tested with different tenures of affordable housing which has the potential to generate a higher residual land value. It would be appropriate to consider these issues, together with the relevant inputs to the appraisal, through a viability assessment that would review the specific circumstances of the site including the atypical costs of bringing it forward for development. This is consistent with policy H6 which enables schemes to be considered through the Viability Tested Route where they are not able to provide the threshold level of affordable housing or meet other relevant planning policies to the satisfaction of the LPA or Mayor where relevant.
LPVS	Land Securities	Abnormal costs	Abnormal costs in LPVS do not reflect various costs such as decontamination, demolition, building above and over infrastructure.	The LPVS assumed that all development tested would be on previously developed land and made an allowance for the cost of demolition which was calculated on the basis of the whole site area. Additional testing was also undertaken with an allowance for abnormal costs which will vary from case to case. It is not possible to test every abnormal cost scenario in a strategic study and this could result in misleading outcomes insofar as significant abnormal costs are atypical of the majority of schemes. It is expected that abnormal development costs will influence land values. It is also noted that Contaminated Land Tax Relief may be available for developers and businesses to claim relief against the cost of remediating contaminated sites. Notwithstanding this some sites may have significant exceptional costs which present barriers to delivery. Policy H6 allows for such schemes with to be considered under the Viability Tested Route. Whilst these sites are not representative of the majority, the threshold approach enables such costs to be taken into account on a site-specific basis where they would prevent a scheme from coming forward.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Solum	Abnormal costs - rail sites	Provision of 50% affordable housing is unlikely to be viability on rail sites due to EUV of car parks, temporary car parking, re-provision of car parking, decontamination, and removal or relocation of infrastructure and re-provision of stations.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. The plan recognises that where a public sector land owner has an agreement with the Mayor to deliver 50 per cent across a portfolio of sites, the 35 per cent threshold should apply to individual sites. A minor change has also been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). The LPVS assumed that all development tested would be on previously developed land and made an allowance for the cost of demolition which was calculated on the basis of the whole site area. Additional testing was also undertaken with an allowance for abnormal costs which will vary from case to case. Where significant abnormal costs are present it would be expected that this would reflected in land value benchmarks. It is also noted that Contaminated Land Tax Relief may be available for developers and businesses to claim relief against the cost of remediating contaminated sites. Notwithstanding this some sites may have significant exceptional costs which are not representative of typical sites. If it is shown that exceptional costs present genuine barriers to delivery Policy H6 allows for schemes to be considered under the Viability Tested Route. This enables significant exceptional costs to be taken into account.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	London First	Affordable housing delivery	The LPVS does not quantify the number of schemes that will be assessed through the Viability Tested Route, particularly in Bands D and E. The respondent has undertaken testing based on the approach within the LPVS, but with variations. This indicates that 53.7% of the schemes across the 5 Value Bands at high, medium and low BLVs are capable of viably achieving 50% affordable housing. 60.9% of the scheme across the 5 Value Bands at high, medium and low BLVs are capable of viably achieving 35% affordable housing. The respondent has also carried out revised testing based on the following assumptions: affordable housing values (20% reduction); residential sales values (5% reduction); residential rents (5% reduction); construction costs (5% increase); finance costs (1% increase); abnormal costs (as per the LPVS); profit on GDV for rental schemes (at 15%) and BLV (increase by 20%). The respondent considers that 23% of the residential schemes are capable of viably achieving 50% affordable housing and 33.8% of the schemes achieve 35% affordable housing. They consider that about two-thirds of the typologies tested would need to progress via the viability tested route. Testing has also been undertaken for other residential, mixed use and non-residential schemes. The respondent considers that the LPVS overestimates viability and that the majority of schemes will need to progress through the viability tested route.	The Draft Plan recognises that different uses and development types will be appropriate in different areas of London (see for example Policies SD4 Central Activities Zone, SD6 Town Centres and D1 London's form and Characteristics). The LPVS tests development typologies that are likely to come forward over the plan period, rather than testing all possible future development types. In line with the plan the study recognises that not all typologies are applicable to all areas of London. These were tested in specific value bands, although some typologies were tested in value areas despite market information indicating that they are unlikely to be developed in these locations (paragraphs 4.2.2/ 4.2.3). The LPVS concludes that most development types can meet the policy requirements in the LP, but that some schemes in the lowest value locations will have weaker viability. Schemes that are not able to provide the threshold level of affordable housing will be considered under the Viability Tested Route. The value bands assumed in the viability study are broad in their geographical coverage and the LPVS recognises that there will be locations within value bands D and E which have higher value band characteristics, for example, near transport hubs and town centres (paragraph 11.2.11). There is also scope for value areas to acquire higher value attributes over time, for example where there is major transport infrastructure investment. The value bands are based on previous transactions which do not take into account the potential for increases in residential values through successful place-making and new developments which exhibit higher value characteristics compared to the previous development which has taken place locally. This place-potential is usually achieved through comprehensive masterplanning and redevelopment on large sites. The proportion of schemes that will be considered under the Fast Track Route and Viability Tested Route will depend on the number and types of developments coming forward in different areas and the circumstances of each scheme. This will also vary according to market conditions over the plan period. Market forecasts are considered at Section 13 of the report which indicate that viability is likely to improve within the plan period. The LPVS has been informed by a range of evidence as set out in Sections 5 to 8 and the Technical Report. The respondent's testing varies from the LPVS with differences including the use of land cost as a model input rather than as a residual output (as in the LPVS) and the application of the same marketing costs to affordable housing as well as market housing. Further significant variation in testing inputs have been made based on a range of more pessimistic assumptions including higher costs, lower values and abnormal costs in every case. This is not reflective of current day values or costs and does not consider available market forecasts. The approach is not consistent with relevant guidance and does not provide a reasonable basis of assessing viability for the purposes of informing the plan. As noted above the approach also assumes that each of the testing scenarios are of equal significance in implementing the plan which the study recognises is not the case.
LPVS	London First	Affordable housing tenure	Annex A of the LPVS outlines and describes the different tenures used, however these are not all the different types of affordable housing tenures apparent across London.	The tenures referred to at Annex A are those that have been tested within the study. The affordable housing tenures tested are consistent with the Mayor's preferred tenures, ensuring that affordable housing is genuinely affordable, as set out in the Draft London Plan (see paragraphs 4.7.3 to 4.7.6 of the draft Plan).

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Kesslers (Quod)	Affordable housing threshold - industrial land	50% threshold on industrial land is not justified and should be revised to 35%	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. However, in recognition of the additional costs that can arise through the re-provision of industrial floorspace, a minor change has been suggested to Policy H6 so that where there is no net loss, the 35% threshold will apply. A minor change has also been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). For sites considered under the 35% threshold, Policy H7 enables boroughs to set affordable housing tenures for 40% of the affordable provision according to local circumstances. There is presumption in favour of low cost rent tenures however paragraph 4.7.2 recognises that a broader mix of affordable housing tenures will be more appropriate for some boroughs because of viability constraints. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.
LPVS	Ministry of Housing, Communities & Local Government	Affordable housing threshold - public and industrial land	Request to review evidence for 50% threshold on public land. Heard some concerns that there could be additional costs of development for housing sites on former industrial land, especially where the industrial floorspace is being retained. This could make a 50% affordable housing level difficult to achieve.	Policy H6 sets an affordable housing threshold of 35% on private land and 50% on public and industrial land for schemes to qualify for the Fast Track Route. The LPVS found that 35% and 50% affordable housing on public or industrial land is deliverable in most parts of London with the appropriate form of development and tenure. However, in recognition of the additional costs that can arise through the re-provision of industrial floorspace, a minor change has been suggested to Policy H6 h so that where there is no net loss, the 35% threshold will apply. The plan recognises that where a public sector land owner has an agreement with the Mayor to deliver 50 per cent across a portfolio of sites, the 35 per cent threshold should apply to individual sites. A minor change has also been suggested to Policy H7 to allow the tenure of affordable housing provided above 35% on private, public or industrial sites to be flexible (and which may comprise of intermediate tenures). For sites considered under the 35% threshold, Policy H7 enables boroughs to set affordable housing tenures for 40% of the affordable provision according to local circumstances. There is presumption in favour of low cost rent tenures however paragraph 4.7.2 recognises that a broader mix of affordable housing tenures will be more appropriate for some boroughs because of viability constraints. Policy H6 allows for schemes that are not capable of achieving the relevant threshold to follow the Viability Tested Route.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Berkeley Group	Affordable Housing values	The revenues for affordable housing are not evidenced and are high.	The LPVS estimates the price that can be paid by Registered Providers for each product type and size in each value band. The study team produced discounted cashflow investment value models for all affordable housing types, recognising different rent setting for each type including newly defined London affordable products (see Annex A), and the recent rent cut of 1% a year for each year to 2020. To this value was added an amount of cross-subsidy that it is estimated that RPs are likely to pay for new affordable housing products. The amount paid by Registered Providers for affordable housing products is subject to competitive bidding and is not normally in the public domain. The approach to cross-subsidy is therefore based on an analysis of the published accounts of London's largest Registered Providers who account for the majority of London's affordable housing supply. RPs have generated significant surpluses from conversions from social rent to affordable rent on reletting, sales and staircasing of shared ownership, open market housing sales and sales of existing stock. Allowing for retained amounts to provide interest cover to meet covenants on increased levels of debt, investment in existing stock and resources for RP led developments, estimates were made of the funding available to cross-subsidise acquisitions of social housing on developer-led schemes. This takes into account that a greater level of subsidy will typically be paid for the more discounted products. While surpluses from sales will fluctuate, it is appropriate to make an allowance for cross-subsidy based on available information to reflect the prices paid by RPs which generate development revenues. It also reflects the fact that RPs' ability to pay for affordable housing has increased in recent years due to factors such as the reduced cost of borrowing and the reduced operating costs driven by efficiency gains. The values used in the study take into account the relevant rents payable for each tenure type in each value band. London Affordable Rent is the only AH product which has the same required rent across London. Other Affordable Housing products show an increase in price paid as values increase albeit at a smaller rate of increase than open market sales.
LPVS	London First	Affordable Housing values	Registered providers are not modelling London Living Rent in a consistent way in relation to conversion to shared ownership after 10 years. Commonly these are appraised as an intermediate rent product.	London Living Rent is a new product introduced by the Mayor of London based on local earnings. The Mayor's guidance is clear that this is a Rent to Buy product and that registered providers are expected to use LLR to actively support tenants into home ownership after ten years. If no tenant has purchased the home within ten years providers are expected to sell the homes on a shared ownership basis to another eligible household. The approach in the study reflects this. As the product becomes more widely adopted it is expected that assessment methods will adjust to reflect the product characteristics.
LPVS	London First	Affordable housing values	It is unclear how the percentage discount to market rent has been determined for discounted market rent products.	The rental values used for Discounted Market Rent were set at 40% of market rent for Value Band A, 60% for Value Band B, and 80% for Value Bands C, D and E. It is expected that BtR schemes will provide a range of discounts below market rent. These percentage discounts reflect that expectation and affordability across London relative to local market rents. A deeper level of discount was applied in higher value areas to ensure that rents meet the relevant affordability criteria for intermediate rent housing.
LPVS	London First	Affordable housing values	Some boroughs have differing affordable rent requirements which are closer to social rent levels, thereby reducing values.	The LPVS tests London Affordable Rent which is a low cost rent product for households on low incomes with the rent level based on social rent levels. This is one of the Mayor's preferred affordable housing product as set out at paragraph 4.7.4 of the London Plan and so has been tested in the study.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	London First	Affordable housing values	The approach to affordable housing values should be based on evidence of what Registered Providers pay for affordable housing.	The amount paid by Registered Providers for affordable housing products is subject to competitive bidding and is not normally in the public domain. The price paid, and hence the revenues to developers, is considered "commercially sensitive" by both RPs and developers. The approach to cross-subsidy is based on discussions with and an analysis of the published accounts of London's largest Registered Providers who account for the majority of London's affordable housing supply. RPs have generated significant surpluses from conversions from social rent to affordable rent on reletting, sales and staircasing of shared ownership, open market housing sales and sales of existing stock. Allowing for retained amounts to provide interest cover to meet covenants on increased levels of debt, investment in existing stock and resources for RP led developments, estimates were made of the funding available to cross-subsidise acquisitions of social housing on developer-led schemes. This takes into account that a greater level of subsidy will typically be paid for the more discounted products. While surpluses from sales will fluctuate, it is appropriate to make an allowance for cross-subsidy based on available information to reflect the prices paid by RPs which generate development revenues.
LPVS	London First	Non-residential values	The three Value Band areas for offices, industrial, retail and hotel are not considered to be representative of the complexities of the London market. The non-residential values tested for each use do not reflect the variance across London.	Section 7.1 sets out the study approach to non-residential values bands. Three value bands were tested (Central, Inner and Outer) which was informed by boundaries for similar work including MCIL and MCIL2 and market reports. Whilst it is recognised that there will be variations within the value areas, this is a strategic study as explained in para 7.1.2 and must adopt a strategic approach in order to identify overall trends. Undertaking site and locational specific testing based on tightly defined submarkets for setting strategic policy would not be appropriate and is not required by guidance on strategic plan testing. Market reports by agents active in the London market were considered including by CBRE, BNP Paribas and Colliers Central London office reports, covering the central value area, and Colliers industrial supply report which identifies central and fringe areas. Costar also identify broad areas, from which value areas are derived. The approach taken is based on appropriate available evidence and is in line with relevant guidance.
LPVS	London Borough of Lambeth	Borough CIL	LPVS does not consider local CIL levels and MCIL2 potentially provides limited scope for boroughs to bring forward new and higher rates to address infrastructure requirements.	MCIL2 rates have been included within the viability testing costs, as well as an estimate of the borough CIL. As the value bands used for the testing span different boroughs these have been estimated at a typical rate and therefore may under or overstate the actual CIL liability in some locations. However, the rates applied are representative of typical costs see 5.8.17 onwards in the LPVS (p38). Furthermore, borough and MCIL2 charges have been applied on all proposed private residential and commercial floorspace, whereas the CIL Regulations 2010 (as amended) allow for contributions to be charged on net additional floorspace only. London Development Database completions data from 2012 to 2017 indicates that CIL charges are likely, on average, to be a third lower than the modelling undertaken has assumed. The impact of this will be to underestimate viability of schemes tested.
LPVS	Berkeley Group	Build costs	Build costs in LPVS are lower than what developer experienced. Costs relating to energy policies, fire safety and externals identified in the report have not been tested.	Build costs have been provided based on benchmarking of recent projects by cost consultants Turner & Townsend (see section 5.6 for residential costs). In addition to the base build £/m2 rates, other costs have been included in the LPVS for demolition, the LEAN premium, external works, and fire safety, fire evacuation lifts and other policy requirements. These were added to the base build rates tested in the appraisals. Additional abnormal costs were also tested. The initial testing has been undertaken on a current day basis in line with relevant guidance (excluding mid-term inflation) which ensures consistency with development values which are also current day. Further sensitivity testing was undertaken with forecasted costs and values based on market projections (see paragraph 3.4.19 and section 13).

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Tide Construction Ltd/ Unite Students / James R Brown and co Ltd	Build costs	Build costs for student accommodation schemes do not vary by storey height despite being varied by storey for residential schemes. Build costs are low in LPVS and are not justified as no comparable contract evidence provided. Build costs for two schemes are referred to by the respondent.	The purpose build student accommodation case studies (SR1 and SR2) modelled are in buildings of different heights (nine and fifteen storeys) and the viability testing takes account of the different costs associated with height (para 6.3.5). The Turner and Townsend build costs have been derived from benchmarked schemes as set out figure 6.2. Average costs have been applied on gross internal area (see Table 4.2) based on the available information which are indicative of typical schemes. The build costs used in the testing for PBSA case studies vary which reflects their different building heights (see Table 6.2). It is not clear what costs are included within the two examples referred to by the respondent (or whether these include mid-term inflation) or whether these schemes have atypical characteristics.
LPVS	London First	Finance costs	Finance costs should be based on market evidence/ De Montfort University Study on finance costs.	Banks and other lenders, and their development company borrowers treat the actual interest costs and charges as commercially sensitive. The De Montfort University Study provides a survey of methods and types of development finance however does not provide actual costs of finance. The approach in the LPVS was informed by viability assessments submitted to the GLA and other research studies. Consideration was also given to debt levels from the accounts of developers. The aggregate proportion of debt compared to balance sheet assets and to turnover has been steadily falling since 2014. Within guidance on State Aid rules as applied to various government schemes for the private sector for example the Home Building Fund, rates for development finance vary depending on individual developer's creditworthiness and the collateral available on the scheme. Generally, developers have satisfactory to weak creditworthiness and projects with low collateralisation (at least until they are completed) provide a range of development finance costs at commercial rates from 5.00% to 7.50% pa (nominal) for short to medium term loans. Research published by the RICS (Crosby and Wyatt, 2015) noted that 7% interest rate was used in four out of five viability studies in the period up until publication, and this was before cost of money continued its recent downward trend. The different types, and layers, of debt structure will cost different amounts mainly depending on the exposure to risk. A low loan-to-cost ratio and first charge will have lower rates than those quoted above; a second charge or mezzanine finance will have higher costs, but in aggregate, providing overall loan-to-cost is not excessive, the average cost of development finance (for an average competent developer and average scheme) will be similar to or lower than the 6.5% applied in the study.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Tide Construction Ltd/ Unite Students / James R Brown and co Ltd	Finance costs	Respondent's experience is that finance costs for student accommodation are higher than that adopted in the LPVS. Finance costs apply from the day of purchase to the end of development (or close to) unless the development is substantially phased which is rarely the case with student accommodation.	Banks and other lenders, and their development company borrowers treat the actual interest costs and charges as commercially sensitive. The De Montfort University Study provides a survey of methods and types of development finance however does not provide actual costs of finance. The approach in the LPVS was informed by viability assessments submitted to the GLA and other research studies. Consideration was also given to debt levels from the accounts of developers. The aggregate proportion of debt compared to balance sheet assets and to turnover has been steadily falling since 2014. Within guidance on State Aid rules as applied to various government schemes for the private sector for example the Home Building Fund, rates for development finance vary depending on individual developer's creditworthiness and the collateral available on the scheme. Generally, developers have satisfactory to weak creditworthiness and projects with low collateralisation (at least until they are completed) provide a range of development finance costs at commercial rates from 5.00% to 7.50% pa (nominal) for short to medium term loans. Research published by the RICS (Crosby and Wyatt, 2015) noted that 7% interest rate was used in four out of five viability studies in the period up until publication, and this was before cost of money continued its recent downward trend. The different types, and layers, of debt structure will cost different amounts mainly depending on the exposure to risk. A low loan-to-cost ratio and first charge will have lower rates than those quoted above; a second charge or mezzanine finance will have higher costs, but in aggregate, providing overall loan-to-cost is not excessive, the average cost of development finance (for an average competent developer and average scheme) will be similar to or lower than the 6.5% (real) applied in the study. It is expected that RP or council led developments could finance schemes more cheaply. The study applies the land residual value methodology, in which the land value is the residual output of the testing. In this model developer return is a cost input. Finance costs have been applied to the target profit where the scheme is in negative balance. However, a developer would not incur finance costs on developer return. This is reflected in some modelling approaches, where developer return (rather than residual land value) is an output rather than an input. The LPVS also applies finance charges on land costs which is calculated on the residual land value taking into account the potential for negotiated payment terms and that payments on finance costs are likely to take place within the development period.
LPVS	London First	Professional fees	Professional fees vary according to development complexity.	Professional fees have been applied as a percentage of build costs as is standard practice in viability testing. In this way the higher the build costs incurred, the higher the level of professional fees that have been tested. The level of fees tested (10%) is typical of professional fees costs within viability assessments. While this may be lower in some instances and higher in others depending on site specific circumstances the approach adopted reflects a more generic development scenario and is appropriate in a strategic viability study.
LPVS	Berkeley Group	Marketing costs	Marketing costs are understated.	Marketing costs have been applied at 3% of gross development value. While this figure may be lower in some instances and higher in others depending on site specific circumstances, this approach is typical and is appropriate in a strategic viability study.
LPVS	Berkeley Group	S106 costs	S106 costs exceed those used in the assessments.	The majority of infrastructure contributions are provided through CIL, with the level of S106 costs depending on CIL rates and the extent of mitigation required from individual developments that is not addressed through CIL. Estimates of S106, borough CIL and MCIL2 rates have been included within the viability testing costs. S106 costs have been applied on floorspace and Borough and MCIL2 charges have been applied on all proposed private residential and commercial floorspace, whereas the CIL Regulations 2010 (as amended) allow for contributions to be charged on net additional floorspace only. London Development Database completions data from 2012 to 2017 indicates that CIL charges are likely, on average, to be a third lower than the modelling undertaken has assumed. The impact of this will be to underestimate viability of schemes tested.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	London First	Build to Rent	The study does not evidence that the rental market operates in the same way as the five value bands adopted.	The volume of Build to Rent activity has increased in London in recent years although is not at the scale of build to sale. Build to rent tends to concentrate around transport nodes with, if anything, a bias to outer London. There is however sufficient evidence of build to rent across London and so it was appropriate to test build to rent in each value band. In undertaking strategic work over such a large area, some level of simplification is necessary to ensure consistency across the study and in identifying overlying trends to aid testing and those who will be informed by the report.
LPVS	Be Living Ltd.	Build to rent - Developer return	Profit of 10-13% of GDV as adopted in LPVS is seen as low and not reflective of risks on BtR schemes. Suggests 10-15% of GDV with key issues being complexity, market demand and building height.	The study team concluded that building height was found to be the key driver of build out time and the best means of determining build cost risk within a strategic study. For an area-based viability study the individual characteristics of specific schemes cannot be considered. The study tested BtR schemes of six storeys and above with developer returns of 11 to 13% on Gross Development Value. Discussions with market industry experts have indicated that developer returns of 10 to 15% on gross development costs are typical in build to rent schemes. Returns at 11 to 13% on gross development value are consistent with this and are at the upper end of this range.
LPVS	Be Living Ltd.	Build to rent - affordable housing tenure	The LPVS tests Discounted market rent at 80% of market rents whereas the threshold for BTR schemes to follow the Fast Track Route includes 30% of affordable units at London Living Rent levels with the remainder at a range of discounts below market rents based on local need to be agreed with the borough and Mayor where relevant.	Affordable Housing tenure mix tests 2, 5 and 8 for build to rent test 50% of affordable units at London Living Rents and 50% at discounted market rents (DMR) (Table 9.2). The rental values used for DMR were set at 40% of market rent for Value Band A, 60% for Value Band B, and 80% for Value Bands C, D and E. This scenario was considered as the basis of the BtR threshold for schemes to qualify for the Fast Track Route in Policy H13, however it was decided to allow a greater level of flexibility, with a lower proportion of units at London Living Rents (30%), and with the remaining DMR units providing a range of discounts which can be determined reflecting local circumstances. A minor change has been suggested to clarify that the remaining units should be genuinely affordable and that boroughs may publish guidance setting out the proportion of these homes to be provided at different rental levels to benefit from the Fast Track Route and that in doing so they should have regard to the relationship between the level of discount required and the viability of achieving the relevant threshold level.
LPVS	Berkeley Group	Car parking / basements	The LPVS assumes that costs for car parking are covered by revenues, which is not considered to be the case.	The plan seeks to promote sustainable forms of transport and reduce car dominance as a part of the Healthy Streets approach. Policy T6 sets maximum standards for car parking including car free development in places that are well connected by public transport. Applicants are strongly encouraged to limit car parking which is not a requirement of the plan (with the exception of disabled parking). Car parking spaces within developments can attract significant values which are expected to offset the costs of provision. Where this is not the case parking is not required and applicants should in any case minimise parking provision in line with Policy T6. An additional cost allowance has been applied for disabled parking with a nil value assumption. Additional costs have also been applied for cycle parking which reflect the costs of high specification fully covered lockable enclosures which can be located externally (para 5.8.11). Should parking or other uses be located in a basement then it is assumed there will be a commercial case for pursuing this option. However large-scale basement development is not supported by the plan which seeks to ensure that policies are in place to address the negative impacts of large-scale basement development.

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LPVS	Berkeley Group	Developer return	The LPVS determines developer returns based on building height, whereas the respondent assesses this based on risk which may relate partly to height but not solely.	There is a range of risk by development type in addition to the risk of changing market conditions and costs. For an individual scheme viability assessment there can be additional risks that need to be taken into account in setting the Developer's Return, for example exceptional site conditions of an unknown extent, or uncertainty of when vacant possession can be achieved where rehousing is required. In an area-based viability study most of these scheme or developer specific factors are averaged out. That leaves the variation in target returns due primarily to the differences between typologies. The overall level of return, and the sensitivities in the typologies to changes to time, costs changes, and changes in outturn gross development value, are considered at Appendix G of the Technical report. The main finding was that developer return was most sensitive to the time on site implied by each typology or build type, and time on site correlated to height of building more than any other factor. Whilst different risk factors may be relevant on a site by site basis, determining risk and returns by building height is appropriate in strategic study.
LPVS	Berkeley Group	Developer return	Returns used in LPVS for large typologies are understated. IRR would be more appropriate measure for returns on large sites.	There is a range of risk by development type in addition to the risk of changing market conditions and costs. For an individual scheme viability assessment there can be additional risks that need to be taken into account in setting the Developer's Return, for example exceptional site conditions of an unknown extent, or uncertainty of when vacant possession can be achieved where rehousing is required. In an area-based viability study most of these scheme or developer specific factors are averaged out. That leaves the variation in target returns due primarily to the differences between typologies. The overall level of return, and the sensitivities in the typologies to changes to time, costs changes, and changes in outturn gross development value, are considered at Appendix G of the Technical report. The main finding was that developer return was most sensitive to the time on site implied by each typology or build type, and time on site correlated to height of building more than any other factor. Whilst different risk factors may be relevant on a site by site basis, determining risk and returns by building height is appropriate in strategic study. In the absence of transparency from developers of quantified information of risks that have crystallised, and resultant developer returns, the LPVS team undertook an analysis of the accounts of housebuilders. This provided an average level of return after debt financing costs and overheads. An analysis of risk facing a housing developer after allowing for a return on equity, corporate overheads, and resources to grow the business was also undertaken. The overall level of returns applied within the study are consistent with typical levels of return adopted in assessments of London development projects. An approach to profit as a proportion of gross development value or gross development costs is typical in area wide viability assessments and is consistent with relevant guidance. This is compatible with the study approach which assesses the residual land value of the typologies, whereas the internal rate of return approach requires the land price to be an input. In an IRR model there is no separate differentiation between cost of finance, development risk, and required resultant developer returns. While teams within the largest developers undertaking large-scale projects are improving and extending the use of IRR based models, there are disadvantages in applying this approach within area-wide viability studies.

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LPVS	London First	Developer return	Returns adopted in LPVS do not factor in varying risks of development typologies across Greater London. The analysis of developer returns has not been evidenced.	There is a range of risk by development type in addition to the risk of changing market conditions and costs. For an individual scheme viability assessment there can be additional risks that need to be taken into account in setting the Developer's Return, for example exceptional site conditions of an unknown extent, or uncertainty of when vacant possession can be achieved where rehousing is required. In an area-based viability study most of these scheme or developer specific factors are averaged out. That leaves the variation, in target returns due primarily to the differences between typologies. The overall level of return, and the sensitivities in the typologies to changes to time, costs changes, and changes in outturn gross development value, are considered at Appendix G of the Technical report. The main finding was that developer return was most sensitive to the time on site implied by each typology or build type, and time on site correlated to height of building more than any other factor. Whilst different risk factors may be relevant on a site by site basis, determining risk and returns by building height is appropriate in strategic study. In the absence of transparency from developers of quantified information of risks that have crystallised, and resultant developer returns, the LPVS team undertook an analysis of the accounts of housebuilders. This provided an average level of return after debt financing costs and overheads. An analysis of risk facing a housing developer after allowing for a return on equity, corporate overheads, and resources to grow the business was also undertaken. The overall level of returns applied within the study are consistent with typical levels of return adopted in assessments of London development projects.
LVPS	London First	Developer return	15% profit on GDV adopted in LPVS for non-residential schemes does not consider varying risks.	Target levels of developers' return at 15-20% on development costs are typical for commercial developments in London. A return of 15% has been applied on gross development value (GDV) which is broadly equivalent to 20% on costs and at the upper end of this range. While the risk profile of commercial developments will vary, the adoption of a lower target return on schemes with a lower risk profile would increase the residual land value of such schemes, improving viability outcomes. This is consistent with the consultation response from Segro who stated that 15% on cost is the normal approach to profit rather than the 15% on gross development value assumed in the study.
LPVS	Tide Construction Ltd/ Unite Students / James R Brown and co Ltd	Developer return	The study does not draw on evidence from banks or funders to inform the approach to developer returns.	In the absence of transparency from developers of quantified information of risks that have crystallised, and resultant developer returns, the LPVS team undertook an analysis of the accounts of housebuilders. This provided an average level of return after debt financing costs and overheads. Similarly, banks and other funders, and their development company borrowers treat the terms of development funding as commercially sensitive. Lending terms will reflect the specific circumstances of individual developers rather than the standardised approach taken in planning viability assessments. An analysis of risk facing a housing developer after allowing for a return on equity, corporate overheads, and resources to grow the business was also undertaken. The level of returns applied within the study are risk adjusted for different typologies and are consistent with typical levels of return in London development projects.

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LPVS	Land Securities	Developer return	The analysis of developer returns has not been evidenced.	There is a range of risk by development type in addition to the risk of changing market conditions and costs. For an individual scheme viability assessment there can be additional risks that need to be taken into account in setting the Developer's Return, for example exceptional site conditions of an unknown extent, or uncertainty of when vacant possession can be achieved where rehousing is required. In an area-based viability study most of these scheme or developer specific factors are averaged out. That leaves the variation, in target returns due primarily to the differences between typologies. The overall level of return, and the sensitivities in the typologies to changes to time, costs changes, and changes in outturn gross development value, are considered at Appendix G of the Technical report. The main finding was that developer return was most sensitive to the time on site implied by each typology or build type, and time on site correlated to height of building more than any other factor. Whilst different risk factors may be relevant on a site by site basis, determining risk and returns by building height is appropriate in strategic study. In the absence of transparency from developers of quantified information of risks that have crystallised, and resultant developer returns, the LPVS team undertook an analysis of the accounts of housebuilders. This provided an average level of return after debt financing costs and overheads. An analysis of risk facing a housing developer after allowing for a return on equity, corporate overheads, and resources to grow the business was also undertaken. The overall level of returns applied within the study are consistent with typical levels of return adopted in assessments of London development projects.
LPVS	Berkeley Group	Development programme	The development programme is simplified and does not provide information on construction spend timing i.e. pre-construction; CIL / S106 payments, pre-planning fees and affordable housing revenues. It is assumed that all homes are sold prior to the completion of construction, although the technical report notes that in London 40% of homes are pre-sold.	The GLA/Three Dragons Development Appraisal Toolkit has been used in London for a number of years (see current London Plan, paragraph 3.71) and has been successfully used to provide evidence for Plan and CIL viability studies that have been found sound through the Examination process. The toolkit includes a cashflow model for revenues and costs which test a programme for costs and values. Build out rates reflect discussions with the development industry for previous studies and with the GLA. Where there are residential for sale and Build to Rent versions of the case studies, these use the same build out rates. However, this may be conservative as Build to Rent may deliver more quickly. Development costs and revenues are cashflowed, including demolition costs in year one. CIL and s106 costs are cashflowed at the beginning of the development process / phases. Affordable housing is assumed to be delivered with the market housing, with no advance or staged payments assumed which is a conservative approach. Sales are cashflowed after development costs in the modelling e.g. Case Study Res 4 has construction costs in years 1 and 2 but sales in years 2 and 3; and Case Study MU2 has residential construction costs in years 1-10 but residential sales revenues in years 2-11, plus commercial floorspace costs in years 1-4 with revenues in years 3, 5 and 6. In some cases construction costs have been included in the final year however these are for minor finishing works that would be completed alongside or prior to sales in the final year with the main construction costs incurred in previous years. Larger developments are likely to be phased with sales taking place on initial phases prior to completion of the whole scheme.
LPVS	London First	Development programme	Build out rates adopted across many of the typologies are optimistic and sensitivity analysis has not been undertaken which is a feature of scheme specific studies.	Build out rates reflect discussions with the development industry for previous studies and with the GLA. Sensitivity testing has been undertaken on the testing in a number of areas (affordable housing, abnormal costs, affordable housing grant, values and costs) however it is not possible or proportionate to undertake sensitivity testing for every variable within an area wide study with which would substantially increase the amount of testing undertaken.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	London First	Development value	The value bands for residential and non-residential case studies are not justified or tested statistically. A different banding would have produced different results. Limited analysis has been applied to data.	The Viability Study team considered a variety of ways to assess and represent variances in development values. The area study needed to be representative of the volume of activity across London and the methodology adopted assessed all London newbuild market sales activity from registered new build transactions in 2015 and 2016 from the Land Registry Price Paid Data and matched these to the Energy Performance Certificates for each dwelling to provide a sales value in £ per square metre. This dataset is representative of all activity and of all price ranges over the period. The Jenks Optimisation Method was used that provides a statistically sound basis for data clustering. It identifies a selected number of bands that maximises the distribution between the bands, to be representative of the dataset range, whilst minimising the distribution within bands. The five bands identified achieved a 30% to 60% price difference between bands and nearly five times the price point between highest and lowest and has the desired outcome of being representative of all London activity – there are a similar number of dwellings developed in each of the price bands. A different number of bands would not change this representativeness. A smaller number would have made it harder to discern the viability threshold for any typology. A larger number would have very significantly increased the volume of testing required without significantly adding precision to the testing. The approach to determining non-residential value bands is based on data from Costar, which is drawn from agencies operating across London, which identify broad value areas. It also took into account previous studies including for MCIL as well as other market reports including those published by BNP Paribas, CBRE and Colliers relating to office market in the Central area and the Colliers industrial supply report which identifies central and fringe areas. Three bands were identified taking this into account which also partially reflects the lower number of commercial transactions outside central London when compared to residential sales.
LPVS	Revo	Energy efficiency	The respondent raises concerns in regards to 15% energy efficiency targets for non-domestic buildings and whether this has been tested in LPVS.	The Buro Happold and AECOM reports show that the majority of non-residential development can achieve the 15% energy efficiency target. The baseline capital cost benchmarking used by Turner & Townsend reflects typical current performance as part of meeting the existing London Plan 35% onsite carbon reduction target and included BREEAM excellent for commercial office facilities and BREEAM very good for industrial, hotel and retail facilities. It is recognised that this target may be less achievable for specific types of non-residential development (e.g. hotels) due to the limitations of the standard calculation methodology and these will be assessed on a case-by-case basis.
LPVS	WYG	Cumulative impact of policies	The cumulative impact of policy requirements on developments has not been robustly tested which will impact on housing delivery.	The LPVS assesses the cumulative impact of the policies of the plan and other relevant standards using appropriate available evidence. It tests a range of development typologies applying different values and costs relevant to different parts of the city. The costs of meeting the policies of the plan are assessed and incorporated in the testing for residential, 'other residential', mixed use and non-residential typologies as set out in Sections 5 and 7 within the study. This includes affordable housing, energy, environmental and accessibility standards, cycle and disabled parking, community facilities, infrastructure and other contributions through CIL, MCIL and S106, fire safety and affordable workspace, as relevant to the various typologies. The impact of policies and testing approach is also set out at Annex H. The plan sets out a clear basis for ensuring the delivery of development that is sustainable and is supported by local communities. This will enable policy requirements to be reflected in land values. The plan allows for the viability of individual schemes to be considered where there are genuine circumstances preventing delivery. The study concluded that the standards and policies of the plan should not put its implementation at serious risk and should facilitate development throughout the economic cycle, as required by the NPPF.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	London First	Cumulative impact of policies	The LPVS does not provide a robust evidence base and does not demonstrate that the cumulative impacts of policies would not render plans unviable.	The LPVS is part of the evidence base for the new London Plan and takes into account the varied values and costs affecting development in different parts of the city. It also considers the types of development proposed under the new plan and applies the costs of complying with the development standards in the LP. The study has been undertaken in line with relevant guidance which requires that viability testing at a strategic level if proportionate. Further details of the typologies tested and testing assumptions are set out within the Study and Technical Report.
LPVS	Aberfeldy Village E14	Cumulative impact of policies	The policies of the plan together with MCIL2 will add to the burden on developments are do not have a robust viability evidence base.	The LPVS assesses the cumulative impact of the policies of the plan and other relevant standards using appropriate available evidence. It tests a range of development typologies applying different values and costs relevant to different parts of the city. The costs of meeting the policies of the plan are assessed and incorporated in the testing for residential, 'other residential', mixed use and non-residential typologies as set out in Sections 5 and 7 within the study. This includes affordable housing, energy, environmental and accessibility standards, cycle and disabled parking, community facilities, infrastructure and other contributions through CIL, MCIL and S106, fire safety and affordable workspace, as relevant to the various typologies. The impact of policies and testing approach is also set out at Annex H. The plan sets out a clear basis for ensuring the delivery of development that is sustainable and is supported by local communities. This will enable policy requirements to be reflected in land values. The plan allows for the viability of individual schemes to be considered where there are genuine circumstances preventing delivery. The study concluded that the standards and policies of the plan should not put its implementation at serious risk and should facilitate development throughout the economic cycle, as required by the NPPF.
LPVS	Persimmon Homes	Cumulative impact of policies	The cumulative impact of the policies of the plan on viability needs to be assessed.	The LPVS assesses the cumulative impact of the policies of the plan and other relevant standards using appropriate available evidence. It tests a range of development typologies applying different values and costs relevant to different parts of the city. The costs of meeting the policies of the plan are assessed and incorporated in the testing for residential, 'other residential', mixed use and non-residential typologies as set out in Sections 5 and 7 within the study. This includes affordable housing, energy, environmental and accessibility standards, cycle and disabled parking, community facilities, infrastructure and other contributions through CIL, MCIL and S106, fire safety and affordable workspace, as relevant to the various typologies. The impact of policies and testing approach is also set out at Annex H. The plan sets out a clear basis for ensuring the delivery of development that is sustainable and is supported by local communities. This will enable policy requirements to be reflected in land values. The plan allows for the viability of individual schemes to be considered where there are genuine circumstances preventing delivery. The study concluded that the standards and policies of the plan should not put its implementation at serious risk and should facilitate development throughout the economic cycle, as required by the NPPF.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	British Land	Cumulative impact of policies	The cumulative impact of policies will affect development viability. LPVS states that the costs of policies have been tested but this needs further explanation.	The LPVS assesses the cumulative impact of the policies of the plan and other relevant standards using appropriate available evidence. It tests a range of development typologies applying different values and costs relevant to different parts of the city. The costs of meeting the policies of the plan are assessed and incorporated in the testing for residential, 'other residential', mixed use and non-residential typologies as set out in Sections 5 and 7 within the study. This includes affordable housing, energy, environmental and accessibility standards, cycle and disabled parking, community facilities, infrastructure and other contributions through CIL, MCIL and S106, fire safety and affordable workspace, as relevant to the various typologies. The impact of policies and testing approach is also set out at Annex H. The plan sets out a clear basis for ensuring the delivery of development that is sustainable and is supported by local communities. This will enable policy requirements to be reflected in land values. The plan allows for the viability of individual schemes to be considered where there are genuine circumstances preventing delivery. The study concluded that the standards and policies of the plan should not put its implementation at serious risk and should facilitate development throughout the economic cycle, as required by the NPPF.
LPVS	Lendlease (Litchfields)	Cumulative impact of policies	The additional policy requirements of the plan are not fully considered in the LPVS.	The LPVS assesses the cumulative impact of the policies of the plan and other relevant standards using appropriate available evidence. It tests a range of development typologies applying different values and costs relevant to different parts of the city. The costs of meeting the policies of the plan are assessed and incorporated in the testing for residential, 'other residential', mixed use and non-residential typologies as set out in Sections 5 and 7 within the study. This includes affordable housing, energy, environmental and accessibility standards, cycle and disabled parking, community facilities, infrastructure and other contributions through CIL, MCIL and S106, fire safety and affordable workspace, as relevant to the various typologies. The impact of policies and testing approach is also set out at Annex H. The plan sets out a clear basis for ensuring the delivery of development that is sustainable and is supported by local communities. This will enable policy requirements to be reflected in land values. The plan allows for the viability of individual schemes to be considered where there are genuine circumstances preventing delivery. The study concluded that the standards and policies of the plan should not put its implementation at serious risk and should facilitate development throughout the economic cycle, as required by the NPPF.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Capco (Dp9)	Cumulative impact of policies	The cumulative impact of policies will make development more challenging to deliver, especially in Opportunity Areas. The costs of meeting policy requirements should be properly tested.	The LPVS assesses the cumulative impact of the policies of the plan and other relevant standards using appropriate available evidence. It tests a range of development typologies applying different values and costs relevant to different parts of the city. The costs of meeting the policies of the plan are assessed and incorporated in the testing for residential, 'other residential', mixed use and non-residential typologies as set out in Sections 5 and 7 within the study. This includes affordable housing, energy, environmental and accessibility standards, cycle and disabled parking, community facilities, infrastructure and other contributions through CIL, MCIL and S106, fire safety and affordable workspace, as relevant to the various typologies. The impact of policies and testing approach is also set out at Annex H. The plan sets out a clear basis for ensuring the delivery of development that is sustainable and is supported by local communities. This will enable policy requirements to be reflected in land values. The plan allows for the viability of individual schemes to be considered where there are genuine circumstances preventing delivery. The study concluded that the standards and policies of the plan should not put its implementation at serious risk and should facilitate development throughout the economic cycle, as required by the NPPF. The LPVS considers Policy SD1 relating to Opportunity Areas in Annex H. This recognises that developments in these areas may incur additional infrastructure costs and benefit from significant value uplift arising from regeneration and infrastructure investment. The plan allows for significant exceptional costs to be taken into account on a site-specific basis where they would prevent a scheme from coming forward.
LPVS	Crown Estate	Cumulative impact of policies	The cumulative impact of policies may make development unviable and it is not possible to fulfil all obligations upon a single site. The requirements relating to energy use, sustainability and carbon emissions may not be compatible with heritage constraints when dealing with sensitive listed buildings.	The LPVS assesses the cumulative impact of the policies of the plan and other relevant standards using appropriate available evidence. It tests a range of development typologies applying different values and costs relevant to different parts of the city. The costs of meeting the policies of the plan are assessed and incorporated in the testing for residential, 'other residential', mixed use and non-residential typologies as set out in Sections 5 and 7 within the study. This includes affordable housing, energy, environmental and accessibility standards, cycle and disabled parking, community facilities, infrastructure and other contributions through CIL, MCIL and S106, fire safety and affordable workspace, as relevant to the various typologies. The impact of policies and testing approach is also set out at Annex H. The plan sets out a clear basis for ensuring the delivery of development that is sustainable and is supported by local communities. This will enable policy requirements to be reflected in land values. The plan allows for the viability of individual schemes to be considered where there are genuine circumstances preventing delivery. The study concluded that the standards and policies of the plan should not put its implementation at serious risk and should facilitate development throughout the economic cycle, as required by the NPPF. Policy HC1 and other relevant policies which relate to the conservation and enhancement of heritage assets (e.g. D1) were considered in Annex H. This recognised that additional costs may arise from heritage enhancement and protection measures. Such measures may also enhance development values which support viability. The plan allows for significant exceptional costs to be taken into account on a site-specific basis where they would prevent a scheme from coming forward.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Berkeley Group	Cumulative impact of policies	The draft plan adds a number of new obligations and costs on development some of which have not been tested through the viability assessment. Over time the cost of policies will be reflected in land values, although the Viability Assessment Technical Report (VATR) highlights that land values are driven by house prices (Annex Paragraph 26).	The LPVS assesses the cumulative impact of the policies of the plan and other relevant standards using appropriate available evidence. It tests a range of development typologies applying different values and costs relevant to different parts of the city. The costs of meeting the policies of the plan are assessed and incorporated in the testing for residential, 'other residential', mixed use and non-residential typologies as set out in Sections 5 and 7 within the study. This includes affordable housing, energy, environmental and accessibility standards, cycle and disabled parking, community facilities, infrastructure and other contributions through CIL, MCIL and S106, fire safety and affordable workspace, as relevant to the various typologies. The impact of policies and testing approach is also set out at Annex H. The plan sets out a clear basis for ensuring the delivery of development that is sustainable and is supported by local communities. This will enable policy requirements to be reflected in land values. The plan allows for the viability of individual schemes to be considered where there are genuine circumstances preventing delivery. The study concluded that the standards and policies of the plan should not put its implementation at serious risk and should facilitate development throughout the economic cycle, as required by the NPPF. The VATR makes it clear that land values are determined by the residual of house prices (in the case of residential development) less the full cost of development. The cost of development includes relevant planning policies to ensure that development is sustainable and acceptable in planning terms. It is vital that planning policies are fully reflected in land values. Where policies are not adequately taken account of this results in inflated land values that are an additional cost to developers and can make it inevitable that plan policies are found to be unviable.
LPVS	Tide Construction Ltd/ Unite Students / James R Brown and co Ltd	Informing the plan	Respondent considers that policies H6, H13, H15, H17 and H18 are not justified as LPVS evidence is not robust. Considers that the LPVS has been written to support pre-determined policies rather than inform policy making.	The threshold approach to affordable housing set out in Chapter 4 of the plan enables different types of development to be considered under the Fast Track Route, enabling these to proceed without the requirement for site specific viability testing. The Viability Tested Route is available for schemes that are not capable of achieving the relevant threshold. This approach provides clarity, helps to speed up the planning process and avoids protracted viability debates. The plan has been informed by the LPVS which has been undertaken in line with relevant policy and guidance (see section 2) and which draws on appropriate available evidence in line with relevant guidance. The drafting of policies and testing within the LPVS was undertaken concurrently with the study informing the plan.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Berkeley Group	Ground rents	Revenues from ground rents are high in LPVS and should be removed given recent government announcement on ground rents.	Ground Rents form a small amount of the revenues available to developers and may be sold to an investor on completion to provide revenue additional to income from sales. Ground Rents have not been added to rental returns of any rented product (market or affordable) but for the modelling, it was assumed that market and shared ownership properties would pay a ground rent. Ground rents vary from a peppercorn to 0.5% pa of capital value with the amount doubling every 15 to 20 years. Ground rents have been based on advertised rates and an average of 0.07% of sale value in the first year has been assumed indexed to RPI. These have been capitalised to represent the additional revenue the developer can receive from the scheme based on market rental yields. Lower ground rents are applied for shared ownership properties (paragraph 5.4.11). The government intends to change ground rent practices with some set at a peppercorn level however they have not yet provided details of how a new regime would operate or when this would take place. In some leases ground rents are high and the sales price is low; in many housing developments premiums are high and ground rents are low. A well-advised purchaser would consider the two elements together and compare these to their disposable spending power including future expectations of income. If the ground rent regime were to change then this would not affect total spending power of the household. Any reduction in ground rents could increase the price paid resulting in no or limited changes to overall gross development value. The study also undertook testing based on projected changes in development values and costs (section 13). This found that viability is likely to strengthen over the plan period compared with the current day position. In views of these issues, it is not anticipated that changes to ground rents would adversely impact viability.
LPVS	London First	Ground rents	Ground rents are likely to be controlled by self-regulation or legislation over the lifetime of the plan. The value of this element may be significantly less.	Ground Rents form a small amount of the revenues available to developers and may be sold to an investor on completion to provide revenue additional to income from sales. Ground Rents have not been added to rental returns of any rented product (market or affordable) but for the modelling, it was assumed that market and shared ownership properties would pay a ground rent. Ground rents have been based on advertised rates and an average of 0.07% of sale value in the first year has been indexed to RPI. These have been capitalised to represent the additional revenue the developer can receive from the scheme based on market rental yields. Lower ground rents are applied for shared ownership properties (paragraph 5.4.11). The government intends to change ground rent practices with some set at a peppercorn level however they have not yet provided details of how a new regime would operate or when this would take place. It is not currently possible to determine the overall effect of changes to gross development value. Furthermore, the price paid for a leasehold dwelling and ground rents are set at different levels for different properties. In some leases ground rents are high and the sales price is low; in many housing developments premiums are high and ground rents are low. If the ground rent regime were to change then this would not affect total spending power of the household. Any reduction in ground rents could increase the price paid resulting in no or only limited changes to gross development value. The study also undertook testing based on projected changes in development values and costs (section 13). This found that viability is likely to strengthen over the plan period compared with the current day position. In view of these issues, it is not anticipated that changes to ground rents would alter the conclusions of the study.
LPVS	British Airways Pension Trustees Ltd, Nationwide Pension Fund Trustee Ltd and National Grid UK Pension Scheme	Industrial Land	The LPVS has not considered	The study assesses the viability of a range of residential, mixed use (including industrial intensification) and industrial typologies against different benchmark land values. The benchmark land values have been informed by benchmark land values assessed in development proposals as part of the planning process, including industrial sites. The results of the residential testing, mixed use testing and non-residential testing are set out in Sections 9, 11 and 12 of the report respectively.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	SEGRO	Industrial intensification	LPVS does not represent financial viability for industrial development properly when compared to current SEGRO developments in Inner London. Values are over optimistic, and voids and rent-free periods are not included. External and abnormal costs are not accounted for. No statutory fees such as MCIL/LCIL or S106 are included. Developer Profit is also incorrectly stated at 15% GDV rather than more normal 15% Profit on Cost.	Non-residential value data was sourced from Co-star and checked against agency reports including BNP Paribas, JLL, GVA and Knight Frank. Over 450 industrial/ logistics transactions were considered (Annex I). The values and rents used in the testing were based on average figures achieved across the value areas. These will vary according from values achieved on individual developments, however this is a strategic study and this approach which draws from a wide range of data is deemed appropriate and in line with relevant guidance. Void periods are built into the build and sales rates within the testing. Allowances were made for external and abnormal costs, although in terms of abnormal costs these should also be reflected in land values. Allowances for CIL and s106 were applied, with CIL calculated on all floorspace which is likely to overestimate the costs in many cases because under the CIL Regulations 2010 (as amended) charges are only calculated on net additional floorspace. The study applies a developer return of 15% on gross development value for non-residential uses which is in excess of the 15% on cost considered normal by the respondent.
LPVS	London First	Land values	An insufficient number of sites are referred to, including in central boroughs. The benchmark land values (BLVs) do not reflect the market norm and do not provide competitive landowner return. The BLVs for non-residential typologies are too low particularly in the CAZ. The respondent considers that BLVs should be based on market transactions and has referenced land transactions in ten boroughs.	Benchmark land values (BLV) within the LPVS were informed by BLVs determined as part of the planning process for a range of development proposals across London (see Section 8 and Annex J). This is based on BLVs for 34 sites across 13 boroughs where information was available in planning reports, viability documents and legal agreements. BLVs are assessed by the relevant authority to ensure that land values reflect Development Plan policies and provide a competitive return to the land owner. For the purposes of the study BLVs were calculated on a per unit basis which enables comparison between sites where generic case studies are being tested and individual site characteristics are not known. The approach reflects the strategic nature of the study which focuses on different value areas across London. Market characteristics vary significantly within individual boroughs and administrative boundaries are of less relevance in this context. Map 5.1 indicates that most boroughs have two or more value zone characteristics and for a number of boroughs three of the five residential value zones used in the study can be found in individual boroughs. This is the case for Hounslow and Waltham Forest, which both have areas within the boroughs at value bands B, C and D. Limited information was available for sites in Zone A and the approach was informed by land values in relevant studies (see paragraphs 6- 8 Annex J) with BLVs applied at the upper end of land values identified. Testing for non-residential schemes include assessment against high BLVs in each of the value zones, including the Central Area. Viability assessments undertaken as part of the planning process are informed by comparable market evidence for rents, yields and values. The LPVS identifies the difficulties associated with the use of land transactions to inform benchmark land values in planning viability assessments as recognised in a range of reports (paragraphs 8.1.5 to 8.1.10). Reliance on market transactions that do not reflect policy requirements introduces a circularity which leads to overpayment for land and a reduction in planning obligations. This is particularly relevant for area wide assessments where new policies are not reflected in past transactions. Transactions are also based on different assumptions and methodology to those applied in planning viability assessments even where a policy level of obligations are provided and are typically inflated as a result. The respondent has relied on development land transactions taking the average of sites to determine BLVs, however information has not been provided regarding development proposals on these sites. Analysis of these sites indicates that some are not located in the boroughs referred to, some are outside of London and the majority provide less than 35% affordable housing. A number of proposed developments on these sites do not provide any onsite affordable housing and the average level of affordable housing is 19%. Information is not available regarding the assumptions that informed the transactions which have not been assessed or adjusted to ensure that they reflect policy requirements, that they are comparable with the development values tested within the study or that they are compatible with the methodology applied in area wide viability testing.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	London First	Land values	An insufficient number of sites are referred to, including in central boroughs. The benchmark land values (BLVs) do not reflect the market norm and do not provide competitive landowner return. The BLVs for non-residential typologies are too low particularly in the CAZ. The respondent considers that BLVs should be based on market transactions and has referenced land transactions in ten boroughs.	Benchmark land values (BLV) within the LPVS were informed by BLVs determined as part of the planning process for a range of development proposals across London (see Section 8 and Annex J). This is based on BLVs for 34 sites across 13 boroughs where information was available in planning reports, viability documents and legal agreements. BLVs are assessed by the relevant authority to ensure that land values reflect Development Plan policies and provide a competitive return to the land owner. For the purposes of the study BLVs were calculated on a per unit basis which enables comparison between sites where generic case studies are being tested and individual site characteristics are not known. The approach reflects the strategic nature of the study which focuses on different value areas across London. Market characteristics vary significantly within individual boroughs and administrative boundaries are of less relevance in this context. Map 5.1 indicates that most boroughs have two or more value zone characteristics and for a number of boroughs three of the five residential value zones used in the study can be found in individual boroughs. This is the case for Hounslow and Waltham Forest, which both have areas within the boroughs at value bands B, C and D. Limited information was available for sites in Zone A and the approach was informed by land values in relevant studies (see paragraphs 6- 8 Annex J) with BLVs applied at the upper end of land values identified. Testing for non-residential schemes include assessment against high BLVs in each of the value zones, including the Central Area. Viability assessments undertaken as part of the planning process are informed by comparable market evidence for rents, yields and values. The LPVS identifies the difficulties associated with the use of land transactions to inform benchmark land values in planning viability assessments as recognised in a range of reports (paragraphs 8.1.5 to 8.1.10). Reliance on market transactions that do not reflect policy requirements introduces a circularity which leads to overpayment for land and a reduction in planning obligations. This is particularly relevant for area wide assessments where new policies are not reflected in past transactions. Transactions are also based on different assumptions and methodology to those applied in planning viability assessments even where a policy level of obligations are provided and are typically inflated as a result. The respondent has relied on development land transactions taking the average of sites to determine BLVs, however information has not been provided regarding development proposals on these sites. Analysis of these sites indicates that some are not located in the boroughs referred to, some are outside of London and the majority provide less than 35% affordable housing. A number of proposed developments on these sites do not provide any onsite affordable housing and the average level of affordable housing is 19%. Information is not available regarding the assumptions that informed the transactions which have not been assessed or adjusted to ensure that they reflect policy requirements, that they are comparable with the development values tested within the study or that they are compatible with the methodology applied in area wide viability testing.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Land Securities	Land values	BLVs are not based on sites from central boroughs and are underestimated in the CAZ. An insufficient number of sites are referred to.	Benchmark land values (BLV) within the LPVS were informed by BLVs determined as part of the planning process for a range of development proposals across London (see Section 8 and Annex J). This is based on BLVs for 34 sites across 13 boroughs where information was available in planning reports, viability documents and legal agreements. BLVs are assessed by the relevant authority to ensure that land values reflect Development Plan policies and provide a competitive return to the land owner. For the purposes of the study BLVs were calculated on a per unit basis which enables comparison between sites where generic case studies are being tested and individual site characteristics are not known. The approach reflects the strategic nature of the study which focuses on different value areas across London. Market characteristics vary significantly within individual boroughs and administrative boundaries are of less relevance in this context. Map 5.1 indicates that most boroughs have two or more value zone characteristics and for a number of boroughs three of the five residential value zones used in the study can be found in individual boroughs. This is the case for Hounslow and Waltham Forest, which both have areas within the boroughs at value bands B, C and D. Limited information was available for sites in Zone A and the approach was informed by land values in relevant studies (see paragraphs 6- 8 Annex J) with BLVs applied at the upper end of land values identified. Testing for non-residential schemes include assessment against high BLVs in each of the value zones, including the Central Area.
LPVS	Tide Construction Ltd/ Unite Students / James R Brown and co Ltd	Land values	BLVs have been informed by BLVs determined on sites based on existing use value typically plus a 20% premium that were not agreed by applicants. An insufficient number of sites are referred to. Comparable market based evidence has not been considered.	Benchmark land values (BLV) within the LPVS were informed by BLVs determined as part of the planning process for a range of development proposals across London (see Section 8 and Annex J). This is based on BLVs for 34 sites across 13 boroughs where information was available in planning reports, viability documents and legal agreements. BLVs are assessed by the relevant authority to ensure that land values reflect Development Plan policies and provide a competitive return to the land owner. For the purposes of the study BLVs were calculated on a per unit basis which enables comparison between sites where generic case studies are being tested and individual site characteristics are not known. The approach reflects the strategic nature of the study which focuses on different value areas across London. Market characteristics vary significantly within individual boroughs and administrative boundaries are of less relevance in this context. Map 5.1 indicates that most boroughs have two or more value zone characteristics and for a number of boroughs three of the five residential value zones used in the study can be found in individual boroughs. This is the case for Hounslow and Waltham Forest, which both have areas within the boroughs at value bands B, C and D. Limited information was available for sites in Zone A and the approach was informed by land values in relevant studies (see paragraphs 6- 8 Annex J) with BLVs applied at the upper end of land values identified. Testing for non-residential schemes include assessment against high BLVs in each of the value zones, including the Central Area. Viability assessments undertaken as part of the planning process are informed by comparable market evidence for rents, yields and values. The LPVS identifies the difficulties associated with the use of land transactions to inform benchmark land values in planning viability assessments as recognised in a range of reports (paragraphs 8.1.5 to 8.1.10). Reliance on market transactions that do not reflect policy requirements introduces a circularity which leads to overpayment for land and a reduction in planning obligations. This is particularly relevant for area wide assessments where new policies are not reflected in past transactions. Transactions are also based on different assumptions and methodology to those applied in planning viability assessments even where a policy level of obligations are provided and are typically inflated as a result.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Land Securities	Viability model	GLA Development Appraisal Toolkit is not used in the market, particularly in the context of commercial schemes and its conclusions are not reliable.	The GLA/Three Dragons Development Appraisal Toolkit has been used in London for a number of years (see current London Plan, paragraph 3.71) and has been successfully used to provide evidence for Plan and CIL viability studies that have been found sound through the Examination process. Previous use has also included the testing of the London SHLAA in 2013/14, the Housing Standards Review which formed part of the evidence for the 2016 Plan and the GLA Density Study in 2016. The toolkit includes a cashflow model for revenues and costs which test a programme for costs and values.
LPVS	Tide Construction Ltd/ Unite Students / James R Brown and co Ltd	Viability model	The GLA Development Appraisal Toolkit is inferior to other viability models. Development appraisals used for the testing should be made available.	The GLA/Three Dragons Development Appraisal Toolkit has been used in London for a number of years (see current London Plan, paragraph 3.71) and has been successfully used to provide evidence for Plan and CIL viability studies that have been found sound through the Examination process. Previous use has also included the testing of the London SHLAA in 2013/14, the Housing Standards Review which formed part of the evidence base for the 2016 plan and the GLA Density Study in 2016. The toolkit includes a cashflow model for revenues and costs which test a programme for costs and values. In total c.550 appraisal tests were carried out for the study, each with a separate appraisal model comprising 20 pages, plus additional sensitivity tests, generating 4000 results. A summary of testing results was set out study given the scale of testing undertaken.
LPVS	London First	Viability model	The GLA Development Appraisal Toolkit is not able to cash flow development or deal with complexities of typologies likely to come forward in London. LPVS does not provide modelling used to assess residual land value.	The GLA/Three Dragons Development Appraisal Toolkit has been used in London for a number of years (see current London Plan, paragraph 3.71) and has been successfully used to provide evidence for Plan and CIL viability studies that have been found sound through the Examination process. Previous use has also included the testing of the London SHLAA in 2013/14, the Housing Standards Review which formed part of the evidence base for the 2016 plan and the GLA Density Study in 2016. The toolkit includes a cashflow model for revenues and costs which test a programme for costs and values. In total c.550 appraisal tests were carried out for the study, each with a separate appraisal model comprising 20 pages, plus additional sensitivity tests, generating 4000 results. A summary of testing results was set out study given the scale of testing undertaken.
LPVS	London First	Typologies	The typologies do not reflect the diversity of development coming forward across London and over the lifetime of the plan. Typologies are limited in the characteristics and variants. Over retail (operational) large store redevelopment; large residential schemes, town centre redevelopment and estate regeneration have not been considered.	The typologies tested reflect typical forms of development that are likely to come forward over the plan period. The selection process was informed by the Strategic Housing Land Availability Assessment (SHLAA) focusing on alternative densities, building heights, site area, location and land use mix. 32 residential, mixed use and non-residential typologies comprising different uses, tenures and built forms were tested. This included small, medium and large residential developments at varying densities; build for sale and build to rent; mixed use schemes with up to 1500 units and 15000 sq m office, retail and leisure floorspace; mixed residential and industrial schemes; student residential; shared living; older people's accommodation; and office, hotel and industrial commercial schemes. When tested in the various value bands and taking into account different policy scenarios c. 550 case study tests were undertaken. With further testing variations relating to abnormal costs, grant, benchmark land values and forecasts, overall, c.4000 results where generated. These are representative of the broad types of development likely to come forward during the Plan period and is an appropriate approach given the strategic nature of the study in order to inform the policies of the plan.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Berkeley Group	Typologies	The typologies are not representative of development across London with 15 out of 33 based in two boroughs. Larger sites should be tested.	The typologies tested reflect typical forms of development that are likely to come forward over the plan period. The selection process was informed by the Strategic Housing Land Availability Assessment (SHLAA) focusing on alternative densities, building heights, site area, location and land use mix. 32 residential, mixed use and non-residential typologies comprising different uses, tenures and built forms were tested. This included small, medium and large residential developments at varying densities; build for sale and build to rent; mixed use schemes with up to 1500 units and 15000 sq m office, retail and leisure floorspace; mixed residential and industrial schemes; student residential; shared living; older people's accommodation; and office, hotel and industrial commercial schemes. When tested in the various value bands and taking into account different policy scenarios c. 550 case study tests were undertaken. With further testing variations relating to abnormal costs, grant, benchmark land values and forecasts, 4000 results where generated. These are representative of the broad types of development likely to come forward during the Plan period and is an appropriate approach given the strategic nature of the study in order to inform the policies of the plan. The reference to 33 developments appears to relate to the sites which informed benchmark land values which are considered under that item. Values and costs of the case study tests were based on separate data sources as set out in the study and technical annexes.
LPVS	Land Securities	Typologies	Case studies used are insufficient for development likely to come forward in CAZ.	The typologies tested reflect typical forms of development that are likely to come forward over the plan period. The selection process was informed by the Strategic Housing Land Availability Assessment (SHLAA) focusing on alternative densities, building heights, site area, location and land use mix. 32 residential, mixed use and non-residential typologies comprising different uses, tenures and built forms were tested. This included small, medium and large residential developments at varying densities; build for sale and build to rent; mixed use schemes with up to 1500 units and 15000 sq m office, retail and leisure floorspace; mixed residential and industrial schemes; student residential; shared living; older people's accommodation; and office, hotel and industrial commercial schemes. Most of the typologies have been tested within residential Value Bands A and B and the commercial testing Central Value area as set out in Map 7.1 which is similar to the Central Activities Zone (CAZ). This includes a range of residential, mixed use and commercial led schemes at varying scales. These are representative of the broad types of development likely to come forward during the Plan period and is an appropriate approach given the strategic nature of the study in order to inform the policies of the plan.
LPVS	British Land	Typologies	More appropriate case studies are needed including large sites with 2,500 or more units.	The typologies tested reflect typical forms of development that are likely to come forward over the plan period. The selection process was informed by the Strategic Housing Land Availability Assessment (SHLAA) focusing on alternative densities, building heights, site area, location and land use mix. 32 residential, mixed use and non-residential typologies comprising different uses, tenures and built forms were tested. This included small, medium and large residential developments at varying densities; build for sale and build to rent; mixed use schemes with up to 1500 units and 15000 sq m office, retail and leisure floorspace; mixed residential and industrial schemes; student residential; shared living; older people's accommodation; and office, hotel and industrial commercial schemes. When tested in the various value bands and taking into account different policy scenarios c. 550 case study tests were undertaken. With further testing variations relating to abnormal costs, grant, benchmark land values and forecasts, overall, c.4000 results were generated. These are representative of the broad types of development likely to come forward during the Plan period and is an appropriate approach given the strategic nature of the study in order to inform the policies of the plan.

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
LPVS	Tide Construction Ltd/ Unite Students / James R Brown and co Ltd	Sensitivity analysis	The testing within the LPVS which considers projected changes in values and costs relies on agents' forecasts which may overestimate future value increases. These are relevant to current residential properties rather than new build. Forecasters have reduced growth forecasts since the study was published. The LPVS is unclear as to whether sensitivity testing for student accommodation has been carried out.	A range of sources of information were considered regarding market value forecasts. This included the Office for Budget responsibility (OBR) however OBR do not produce separate forecasts for London. We are not aware of published forecasts that relate just to newbuild sales values. The only available evidence that is relevant is Molior data gathered on changing asking prices for some developments already underway. These can be a guide to future market trends for newbuild sales values in particular parts of London in the very short term but are not sufficient to project London-wide medium term newbuild price trends. Some commentators have revised their forecasts however these continue to project significant value growth within the initial years of the plan. The study recognised the variation between commentators and did not adopt forecasts at the upper end of the range. Area wide viability assessments are undertaken on a current day basis, with guidance specifying that policies should not be based on growth for the first five years of the plan period. Sensitivity analysis is not required although has been considered on residential and mixed-use schemes given the potential for significant variation in residential values in particular. The value and cost sensitivity undertaken is primarily based on market reports which provide the best available evidence on which to consider changes in values and costs. Less information is available regarding market forecasts for student accommodation. The study does however test variations in other factors such as the levels of ASA.
LPVS	London First	Sensitivity analysis	LPVS has not undertaken sensitivity analysis on non- residential schemes. No downside viability testing has been undertaken. Growth has been applied to residential typologies with no adjustment to the benchmark land value.	Area wide viability assessments are undertaken on a current day basis, with guidance specifying that policies should not be based on growth for the first five years of the plan period. Sensitivity analysis is not required although has been considered on residential and mixed-use schemes given the potential for significant variation in residential values in particular. The value and cost sensitivity undertaken is primarily based on market reports which provide the best available evidence on which to consider changes in values and costs. Market reports for non-residential schemes were considered however less information is available and forecasts generally predicted that changes would be limited. Sensitivity testing was undertaken for other issues including abnormal costs. Changes in the value and costs of residential developments will not be directly related to benchmark land values where based on the value of the land in its current use which in most cases will be in a different use. Increasing benchmark land values based on land transactions which reflect high development values but which do not take into account policy requirements would rule out the potential for delivering Development Plan policies despite improved market conditions.
LPVS	Land Securities	Sensitivity analysis	No downside sensitivity has been undertaken.	Area wide viability assessments are undertaken on a current day basis, with guidance specifying that policies should not be based on growth for the first five years of the plan period. Sensitivity analysis is not required although has been considered on residential and mixed-use schemes given the potential for significant variation in residential values in particular. The value and cost sensitivity undertaken is primarily based on market reports which provide the best available evidence on which to consider changes in values and costs.
LPVS	London First	Size of dwelling variance	Size of dwellings varies between boroughs and should be reflected in LPVS.	The viability testing in the LPVS takes account of varying dwelling sizes by location through the use of different development case studies in the different value bands in London. These have varying proportions of dwelling size mixes (by number of bedrooms) (see tables 4.1, 5.1 and 5.2). Dwelling sizes tested meet plan and national standards. The approach taken is appropriate for a strategic viability study which considers the policies of the plan.

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LPVS	Tesco Stores Ltd.	Over store development	The LPVS does not address redevelopment of operational food retail store sites. The respondent's viability assessments suggest that in the majority of scenarios applications for the redevelopment of existing food stores will not be able to provide 35% affordable housing. This is largely due to high existing use values/benchmark land values of existing supermarkets, the costs associated with the interruption of trade for the foodstore, the costs of providing a temporary retail store whilst redevelopment takes place. The majority of applications to redevelop Tesco's sites will be required to follow the Viability Tested Route. In order to assist with these viability negotiations and provide more clarity and certainty, the Draft London Plan should be modified to recognise that special circumstances surrounding the redevelopment of operational assets need to be taken into account.	The LPVS tested mixed use developments including schemes with 690 dwellings and 4000 sq m retail and leisure floorspace and 1500 dwellings and 6000 sq m retail and leisure floorspace. These were found to be viable with 35%/ 50% affordable housing against different benchmark land values in most cases with the exception of the lowest value area. The study recognises that within the lowest value bands there may be pockets of higher values than tested in the study, especially in town centres and near transport hubs, that changing costs and values over time may improve viability and that other forms of development may be viable. The GLA is aware of a number of mixed use schemes in London on supermarket sites, including those re-providing existing assets, with affordable housing at or close to the relevant threshold level. A number of considerations are relevant to the valuation of sites with existing assets that are to be retained or enhanced through the development process. An important outcome of bringing this type of site forward for development is the provision a new supermarket store that meets operational requirements and that increases trading revenue. In this scenario the store is not being lost as part of the development and the landowner does not need to be compensated for loss of the existing asset by achieving a receipt for sale of the site at or higher than existing use value, as would typically be the case. As such it is not accepted that the landowner, acting reasonably, should receive a return that is the sum of the existing use value of the store (or higher value), compensation for interruption of trade and the costs of provision of a temporary retail store, whilst also gaining an improved store. It is also relevant that an owner- occupier development is different to a speculative commercial/ residential scenario, and where relevant, viability should be assessed accordingly. Purchaser cost deductions, letting voids, marketing and disposal costs would not apply for the supermarket component of the development. The target profit should reflect the lower risk in developing the food store, compared with a speculative development, taking into account the continued demand for the store from the operator / developer. These range of considerations are not reflected in the respondent's viability appraisals which assume a target profit of 20% on gross development value, without adjustment to account for the lower level of risk. A 20% target return also appears to have been adopted for the affordable housing component which is excessive given the lower level of risk associated with affordable tenures. The appraisals also include purchaser cost deductions, voids, marketing and disposals costs. The number and tenure of housing units and the basis of appraisal inputs such as assumed build costs and additional cost items also have not been provided. As such it is not agreed that the majority of developments on supermarket sites would be unable to meet the affordable housing threshold or that the amendments to the plan proposed by the respondent fully reflect the viability characteristics of this form of development. Given the detailed nature of these matters, it is not considered that providing further guidance on this would be appropriate or necessary in the plan.
LPVS	Just Space	Opportunity Areas	Opportunity areas have not been tested within the LPVS.	Sites in Opportunity Areas are not excluded from the study but rather sites with very substantial exceptional costs as these are atypical. Some such sites may be located in Opportunity Areas although many sites in these areas will not be subject to this scale of exceptional costs. Testing these would generate misleading results when informing policies for generic forms of development. The LPVS considers Policy SD1 relating to Opportunity Areas in Annex H. This recognises that developments in these areas may incur additional infrastructure costs and benefit from significant value uplift arising from regeneration and infrastructure investment. The plan allows for significant exceptional costs to be taken into account on a site-specific basis where they would prevent a scheme from coming forward.
LPVS	Tide Construction Ltd/ Unite Students / James R Brown and co Ltd	RICS Guidance Note	The LPVS does not refer to the RICS Financial Viability in Planning Guidance (2012)	The LPVS was undertaken in line with the NPPF and PPG and also took into account the guidance on Local Plan Testing produced by the Local Housing Delivery Group 'Viability Testing Local Plans - Advice for planning practitioners' (see LPVS section 2). The latter was published at the same time as the RICS guidance and was developed explicitly to assist the Plan testing process. The main focus of the RICS guidance is on site specific viability testing. A particular issue arising from the RICS guidance is the approach to determining 'site value'. This promotes a market value approach based on the use of land transactions. However significant difficulties arise when applying such an approach within the context of planning viability assessments. The most well known is the potential to introduce circularity into the testing process, as seen on a number of cases, whereby

Draft London Plan Policy / LPVS	Respondent name	Issue	Summary of comment	Response
				land transactions which are based on development proposals which are not consistent with Development Plan policies are used as fixed value inputs within a residual model. This approach makes it almost inevitable that a scheme that meets policy requirements will be found to be unviable, even on unconstrained sites. These issues were identified in research published by the RICS in 2015 'Financial Viability Appraisal in Planning Decisions', as well as reports by the London Housing Commission (2016), the London Assembly Planning Committee (2016) and House of Commons DCLG Select Committee and House of Lords Select Committee on the Build Environment. A range of other methodological issues arise with the use of land transactions in viability assessments used within the planning system which are considered above.