

# Estates Local Plan – Viability assessment

For Merton Council



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# 1. Executive Summary

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1.1 BBP Regeneration has been instructed to undertake a high level viability assessment of Merton Council's Pre-Submission Estates Local Plan (Stage 3 Consultation 8th December 2016 - 3rd February 2017). The Plan relates to the regeneration of three housing estates: Eastfields, Mitcham; High Path, South Wimbledon, and; Ravensbury, Morden / Mitcham.

1.2 Our work has followed the overarching methodology set out below:

- Review the planning policy framework, including the emerging Merton Estates Local Plan
- Explore key considerations and guidance relating to Local Plan viability assessments, in the context of the three housing estates
- Carry out high level financial viability modelling, reflecting the above
- Consider the potential impact of key macroeconomic factors
- Forming conclusions about the viability of the Merton Estates Local Plan

## **Existing Planning Policy Framework**

1.3 The existing Planning Policy Framework at regional and local level has already been assessed to demonstrate the general viability of development.

## **Review of Emerging Merton Estate Local Plan**

1.4 In examining the policies contained within the emerging Merton Estates Local Plan, we do not believe that its policies result in any significant burden beyond the existing policy requirements. The Estates Local Plan also embodies a number of urban design principles. These have also been reviewed and we do not believe they will add any additional burden onto the proposed developments, subject to carefully considered design development.

1.5 We note that a number of requirements from the emerging Merton Estates Local Plan are likely to be imposed through planning conditions, Section 106, Section 278, or other legal agreements. Whilst these requirements may have cost, value, timing and quality implications affecting viability, we do not believe that the Merton Estates Local Plan policy results in any significant burden beyond the existing policy requirements. The policy framework allows developers to factor in these requirements into design development and viability appraisals from an early stage, to mitigate their impacts further.

1.6 Notwithstanding the above, we recognise that the three housing estates within the Merton Estates Local Plan are not 'typical sites'; they have specific viability challenges including considerable site assembly costs, and the re-provision of homes for existing residents. We have reflected on these considerations in our viability assessment.

## **High level financial viability modelling**

1.7 Our assessment of viability of the Merton Estates Local Plan reflects on analysis undertaken by Clarion Group, the special circumstances involved in these estate regeneration schemes and draws on Merton Council's existing viability evidence base. In applying the existing viability evidence, where appropriate, we have updated or modified assumptions used previously.

1.8 The high level viability modelling has been prepared on the basis of a one-hectare tile, applying the methodology and key assumptions and data sources outlined later in this report. After accounting for

planning policy mitigation, and the assumed threshold land value per hectare, High Path generates a marginal surplus / deficit, whilst Eastfields and Ravensbury both generate a deficit.

- 1.9 There are, however, some important caveats to the methodology used, which draws on the existing viability evidence for 'typical' sites in Merton:
- Use of high level residual land value appraisal rather than Discounted Cash Flow appraisal, as would typically be used to determine the viability of a long term regeneration programme
  - Limited forecasting of longer term growth, and no forecasting of inflation
  - Densities on the High Path estate reflect the highest density development mix from the existing viability evidence base, although this is significantly below London Plan density guidance
- 1.10 There are clear indications from Clarion Group's own analysis that there are a number of special circumstances suggesting that the programme as a whole is viable and deliverable, these include:
- Potential to achieve higher densities
  - Savings arising from existing commitments to provide Decent Homes standards
  - Cost efficiencies compared to the assumptions made
  - Accepting lower rates of return reflecting a mixed tenure including private rented
  - Measures to reduce risk and therefore contingency
  - Access to finance on favourable terms
  - Greater potential for regeneration uplift

### **Macroeconomic considerations**

- 1.11 The regeneration programme is likely to span at least one economic cycle, and there are a number of considerations that may affect the viability of the regeneration programme throughout this period.
- 1.12 The current land owner will have factored a number of the considerations above into their target financial returns and sensitivity testing. The Plan notes that they have committed to an open book accounting process, allowing for developer obligations to be imposed taking account of viability at the time of a planning application.

### **Conclusions**

- 1.13 Our review of the emerging Merton Estates Local Plan concludes that the policies and underlying urban design principles within it will not result in any significant burden beyond the existing planning policy framework. Consequently, in our view, the Plan meets the NPPF test of appropriateness that the cumulative impact of the standards and policies should not put implementation of the plan at serious risk.
- 1.14 This paper does not consider the viability of specific proposals for development. Planning obligations relating to affordable housing and other mitigation measures will need to be considered on a case by case basis, and with regard to the underlying assumptions that existing residents will have a guaranteed right to return to a new home in their regenerated neighbourhood, and that the regeneration programme will be comprehensive across the three estates.

## 2. Introduction

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### Purpose of this report

- 2.1 BBP Regeneration has been instructed to undertake a high-level viability assessment of Merton Council's Pre-Submission Estates Local Plan (Stage 3 Consultation 8th December 2016 - 3rd February 2017). The Plan relates to the regeneration of three housing estates: Eastfields, Mitcham; High Path, South Wimbledon, and; Ravensbury, Morden / Mitcham.
- 2.2 The purpose of the viability assessment is to meet the requirements of Paragraphs 173 to 177 of the National Planning Policy Framework (CLG, 2012), which are concerned with the evidence base to ensure viability and deliverability of Local Plans. In summary, the report must provide evidence to show that the standards and policies within the Estates Local Plan do not threaten the ability of the sites and scale of development identified to be developed viably.
- 2.3 Since 2014, the council has been working with Clarion Housing Group (formerly Circle Housing Merton Priory) to explore the regeneration of the three estates. Across the three estates, around 40% of the existing 1,200 homes are privately owned, and the remaining 60% are owned by Clarion Housing Group. The Estates Local Plan will guide the comprehensive regeneration of the three estates, delivering new homes for existing households, as well as providing a significant number of additional housing, commercial floorspace, improved public realm, and community facilities.
- 2.4 It is important to note that the viability assessment, whilst having regard to known viability challenges and opportunities relating to the three estates, does not specifically consider the viability of emerging proposals from the current landowner and developer, Clarion Housing Group.
- 2.5 BBP Regeneration is familiar with guidance relating to Local Plan viability, and brings experience of undertaking financial appraisals of a range of complex mixed use development projects in London and elsewhere. We are appointed to financial appraisal panels operated by London Borough of Tower Hamlets and Central Bedfordshire Council for the purpose of assessing the viability of planning proposals. Previously, we were appointed to a similar panel operated by the London Borough of Lewisham. BBP has separately undertaken a review of the financial viability of the Clarion Group's estate regeneration proposals for the three estates and provided advice to the Council on the implications for the stock transfer and development agreement.

### Overarching methodology

- 2.6 The rest of this report follows the structure of the overarching methodology followed:
- Review the planning policy framework, including the emerging Merton Estates Local Plan
  - Explore key considerations and guidance relating to Local Plan viability assessments, in the context of the three housing estates
  - Carry out high level financial viability modelling, reflecting the above
  - Consider the potential impact of key macroeconomic factors
  - Forming conclusions about the viability of the Merton Estates Local Plan

## 3. Existing Planning Policy Framework

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- 3.1 Planning applications for development at the three estates will be considered against national, regional and local planning policy and guidance. Below, we have set out the policy framework and highlighted any viability implications.

### National policy and guidance

- 3.2 The National Planning Policy Framework (CLG, 2012) acts as guidance for local planning authorities and decision-takers, both in drawing up plans and making decisions about planning applications. The Framework is a key part of the government's reforms to make the planning system less complex and more accessible.
- 3.3 The Government has also prepared National Planning Practice Guidance to support the framework, which is published online across almost 50 documents, each updated at different times.

### Viability considerations

- 3.4 Paragraphs 173 to 177 of the National Planning Policy Framework are concerned with the proportionate evidence base to ensure viability and deliverability of Local Plans. The National Planning Practice Guidance provides further guidance on Community Infrastructure Levy (CLG, 2014), planning obligations (CLG, 2016), and viability (CLG, 2014).
- 3.5 We have drawn upon this national policy and guidance in developing our methodology.

### Regional policy and guidance

- 3.6 The London Plan (GLA, 2105) is the Spatial Development Strategy for London, published under the Greater London Authority Act 1999 (as amended). It is intended to provide a strategic framework for London boroughs' Local Plans, neighbourhood plans and for the taking of planning decisions.

### Viability considerations

- 3.7 Standard 35 of the Mayor's Housing SPG (GLA, 2016) provides guidance on Policy 5.2 of the London Plan, introducing a new requirement for all new homes to be zero carbon from 1 October 2016. The GLA Housing Standards Review: Viability Assessment (GLA, 2015) estimated that the cost impact of moving to zero carbon homes represented circa an additional 1-1.4% of base build cost, and concluded that "the introduction of the new Housing Standards, and the move to zero carbon homes in 2016, do not represent a significant determinant in the viability and the deliverability of housing development in London".
- 3.8 The Mayor has also published draft guidance on Affordable Housing and Viability (GLA, 2016), which has been taken into account in our methodology and key assumptions.

### Local policy and guidance

- 3.9 Merton Council's Core Strategy (2011) Sites and Policies Plan and Policies Maps (2014) are currently the key documents within its Local Plan.

- 3.10 Merton adopted a CIL Charging Schedule in 2013, which applies to new development granted permission from 1 April 2014, in addition to the Mayor of London's CIL which has been applicable to new development since April 2012.

### **Viability considerations**

- 3.11 Our viability assessment of the emerging Merton Estates Local Plan draws heavily upon Merton Council's existing viability evidence base, in particular:
- Sites and Policies Plan and Policies Map: Viability Assessment (September 2013)
  - Merton's draft Charging Schedule CIL Viability Study (November 2012)
- 3.12 These studies have demonstrated the general viability of development in Merton, when taking into account policy requirements and standards. However, we recognise that the three housing estates within the Estates Local Plan are not 'typical sites', with their own viability challenges including considerable site assembly costs, and the re-provision of homes for existing residents. We have reflected on these considerations in our viability assessment.



## 4. Viability assessment

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### Review of Emerging Merton Estates Local Plan

- 4.1 In March 2010, the Council transferred its social housing stock on the three estates to Circle Housing Merton Priory (CHMP).
- 4.2 The Stock Transfer Agreement including a legal obligation for CHMP to undertake a programme of property improvements known as Decent Homes and these are underway across the transferred housing stock. However, in preparing the plans to undertake these works across homes in Merton, CHMP came to doubt the case for investing in what CHMP regard in some instances as homes and neighbourhoods of a poor standard.
- 4.3 The Estates Local Plan is an essential tool in shaping and managing the redevelopment process of Eastfields, High Path and Ravensbury estates to create new, well-designed, high quality neighbourhoods aimed at fundamentally improving the quality of life for existing and future generations living in the area.
- 4.4 The Plan's purpose is to guide any redevelopment proposals for the three estates that come forward within the next 10-15 years. The Plan is design-led; specific building details will be developed by applicants and determined by the council through the planning application process. The regeneration of all three estates as part of a single comprehensive programme has been presented to the council as the basis for being able to viably deliver regeneration and it is on this basis that the council is considering the deliverability of the Estates Local Plan.
- 4.5 The Estates Local Plan comprises eight site-specific policies considered individually for each estate, including:
- **Townscape:** How buildings and spaces should be arranged and their general character.
  - **Street network:** The arrangement and layout of streets and what they should look and feel like.
  - **Movement and access:** How streets should work in terms of how people get around, by foot, cycle and vehicles.
  - **Land use:** Suitable land uses for each neighbourhood.
  - **Open space:** The location and type of spaces that should be provided for each neighbourhood.
  - **Environmental protection:** How to maximise opportunities for biodiversity and prevent flooding.
  - **Landscape:** How each neighbourhood can use and building upon existing landscape assets to create high quality places
  - **Building heights:** Appropriate height of buildings in different parts of the neighbourhood based on the analysis of the area.

### Viability considerations

BBP Regeneration undertook a review of the potential impact of the emerging policies on development viability, by comparing their impact to the existing planning policy framework, and the previous viability assessment of the impact of these (see Appendices A, B and C).

### Eastfields policies

- 4.6 We do not believe that the Merton Estates Local Plan policies for Eastfields result in any significant burden beyond the existing planning policy framework.
- 4.7 We note that a number of requirements from the emerging Estates Local Plan are likely to be imposed through planning conditions, Section 106, Section 278, or other legal agreements, including but not limited to:
- Reconfiguration of streets, including potential carriageway widening (EP E2, EP E3)
  - Pedestrian and cycle access improvements (EP E3)
  - Re-provision of existing non-residential uses (EP E4)
  - Re-provision of designated open space (EP E4, EP E5)
  - Preservation, protection and enhancement of protected species and habitats within the site and on adjacent land such as Streatham Park Cemetery (EP E6)
- 4.8 A full list of emerging Estates Local Plan policies and our assessment of their potential viability implications is provided at Appendix A.

### High Path policies

- 4.9 We do not believe that the Merton Estates Local Plan policies for High Path result in any significant burden beyond the existing planning policy framework.
- 4.10 We note that a number of requirements from the emerging Estates Local Plan are likely to be imposed through planning conditions, Section 106, Section 278, or other legal agreements, including but not limited to:
- Reconfiguration of streets, including potential extension of Nelson Grove Road and Abbey Road, and new north-south streets (EP H2)
  - Re-provision of existing non-residential uses (EP H4)
  - Investigating the feasibility of CHP and district heating (EP H6)
- 4.11 A full list of emerging Estates Local Plan policies and our assessment of their potential viability implications is provided at Appendix B.

### Ravensbury policies

- 4.12 We do not believe that the Merton Estates Local Plan policies for Ravensbury result in any significant burden beyond the existing planning policy framework.
- 4.13 We note that a number of requirements from the emerging Estates Local Plan are likely to be imposed through planning conditions, Section 106, Section 278, or other legal agreements, including but not limited to:
- Public realm improvements around the entrance to Ravensbury Park (EP R1)
  - Reconfiguration of streets, including extension of Ravensbury Grove with potential for a new river crossing (EP R2)
  - Pedestrian and cycle access improvements, including investigating the creation of a segregated cycle way along Morden Road (EP R3)
  - Investigating the potential relocation of the crossing point from Morden Hall Park to the estate (EP R3)
  - Re-provision of the existing community room (EP R4)

- Re-provision of designated open space and communal gardens (EP R5)
- Flood mitigation measures, including potential reinstatement of historic river channel (EP R6)

4.14 A full list of emerging Estates Local Plan policies and our assessment of their potential viability implications is provided at Appendix C.

### General principles

4.15 The Plan also refers to a number of Urban Design Principles, which all development proposals will be expected to adhere to these principles in order to achieve the highest standards of design, accessibility and inclusive design, including:

- **Perimeter blocks:** Buildings arranged so that the fronts face outwards towards the street
- **Active frontages:** Buildings with many entrances and windows onto the street.
- **Building lines:** Clear boundaries defining where the fronts of buildings should be.
- **Open space:** The provision of public and communal amenity space.
- **Defensible space:** The space between the back of the footway and the front of the adjacent building.
- **Promoting biodiversity:** Promoting the variety of plants, animals and other living things found in an area
- **Promoting active design:** Promoting design that enables healthy lifestyle choices
- **Promoting sustainable development:** Promoting the efficient use of resources that does not prejudice future generations from meeting their own needs.
- **Permeable, legible and accessible layouts:** Arrangements of streets and buildings that offer a convenient choice of routes that are easy to understand.
- **Density:** The amount of development that is provided on any given site.
- **Parking provision:** The amount of development that is provided on any given site.
- **Local context (buildings, materials interpretation, art):** Using local good quality design to inform the design and appearance of new development.

4.16 These Principles are reflected in the policies and, therefore, we do not believe that they result in any significant burden beyond the existing planning policy framework.

## High level financial viability modelling

### Methodology, key data sources and assumptions

#### Nature of development

4.17 Paragraph 173 states that “the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened”.

4.18 Paragraph 6 of the National Planning Practice Guidance (2014) recognises that “Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable; site typologies may be used to determine viability at policy level. Assessment of samples of sites may be helpful to support evidence and more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.”

- 4.19 Given that the Merton Estates Plan is concerned with three particular sites, we have considered key viability challenges and opportunities relating to each of these, but drawn upon site typologies from the existing viability evidence base.
- 4.20 Figure 1 outlines how we have mixed three development mixes from Community Infrastructure Levy in London Borough of Merton: Viability Study (BNP Paribas, 2012) in order to achieve densities indicated within the London Plan for each site. The highest density available from the existing evidence base is 200dph, although the London Plan suggests that densities of up to 405dph may be appropriate at High Path. The Merton Estates Local Plan also states that “Exceeding the current indicated density ranges may be considered appropriate where proposals will create developments of exceptional urban design quality.”

**Figure 1 – Summary of key site-specific assumptions used in high level viability modelling**

	<b>Eastfields</b>	<b>High Path</b>	<b>Ravensbury</b>
PTAL rating, assumed setting	0-3, urban	4-6a, central	1b-3, urban
London Plan minimum density (units / hectare)	35-170	140-405	35-170
<b>Existing</b>			
<b>Net density (dph) – Existing</b>	<b>87</b>	<b>88</b>	<b>42</b>
<b>Average unit size (sq m)</b>	<b>74.0</b>	<b>72.0</b>	<b>85.0</b>
<b>Residential floorspace (sq m NIA)</b>	<b>6,438</b>	<b>6,336</b>	<b>3,570</b>
<b>Post-development</b>			
<i>% of area with unit mix Houses (50 dph)</i>	0%	0%	50%
<i>% of area with unit mix Flats and houses (75 dph)</i>	25%	0%	50%
<i>% of area with unit mix Flats – high density (200 dph)</i>	75%	100%	0%
<b>Average net density (dph)</b>	<b>169</b>	<b>200</b>	<b>63</b>
<b>Average unit size (sq m)</b>	<b>64.9</b>	<b>62.0</b>	<b>93.4</b>
<i>Estate housing – Generally (sq m)</i>	1,228	0	4,906
<i>Flats – Generally (sq m)</i>	443	0	885
<i>Flats – 6+ storeys (sq m)</i>	9,300	12,400	0
<b>Residential floorspace (sq m NIA)</b>	<b>10,971</b>	<b>12,400</b>	<b>5,791</b>
<b>Additional dwellings / hectare</b>	<b>82</b>	<b>112</b>	<b>20</b>

- 4.21 NB – We have not accounted for any Private Rented Sector tenure units.

## Cumulative impact

- 4.22 Paragraph 174 states that local planning authorities “should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk and should facilitate development throughout the economic cycle.”
- 4.23 The Council’s Core Strategy and Sites and Policies documents have both undergone viability assessment, and we have therefore focused our assessment on cumulative impact of the emerging Merton Estates Plan above and beyond these documents.

## Value growth and inflation

- 4.24 Paragraph 182 of the NPPF sets out the four tests of soundness, for assessment by an independent inspector. The test for effectiveness states that “the plan should be deliverable over its period”.
- 4.25 Paragraph 8 of the NPPG states that “Policies should be deliverable and should not be based on an expectation of future rises in values at least for the first 5 years of the plan period.”
- 4.26 The Core Strategy plan period is 2011-26, and the emerging Merton Estates Local Plan states that “It is envisaged that the delivery programme will cover a period of 10 to 15 years and will occur over several phases.”
- 4.27 We have therefore considered present day sales values – although reflecting potential uplift due to regeneration. As part of our research, we reviewed and established the following values:
- Existing stock, no scheme world (use for site assembly costs)
  - New stock, no scheme world (used as a baseline for new build)
  - New stock, after regeneration (% uplift, used for new build)
- 4.28 We used comparable evidence from Zoopla (March 2017) for existing stock and adjusted according to property type / condition, while also sense checking against Zoopla’s property research data. Similarly, we reviewed the current sale values of new build properties, where available, and made assumptions on property type and size to derive values per square foot for each of the modelled unit typologies in the three estates.
- 4.29 Finally, we considered the regeneration potential for the three schemes to bring about positive transformative effects on the underlying values. We should stress that we have not undertaken detailed research, but having reviewed a number of large regeneration projects in London, we have assumed a regeneration uplift in the region of 4.0% per year on average over five years. Taking the mid-point of this compounding provides an average regeneration uplift of 10.3%.

**Figure 2 – Summary of residential sales value assumptions used in high level viability modelling**

	Averages sales value - Eastfields (£ / sq ft)	Averages sales value - High Path (£ / sq ft)	Averages sales value – Ravensbury (£ / sq ft)
Existing stock, no scheme world (used for site assembly costs)	446	712	441

New stock, no scheme world (used as a baseline for new build)	496	804	525
New stock, after regeneration (+10.3% regeneration uplift)	547	887	579

4.30 We have also assessed the potential impacts of key macroeconomic factors on viability of the regeneration programme over the Plan period in a later section of this report.

### Long term, phased regeneration programme

4.31 At the densities assumed, the regeneration programme would deliver over 2,500 new dwellings across three estates, replacing 1,267 existing homes - in addition to commercial uses and new public realm and community facilities. By any stretch, this is a complex and capital intensive programme that will require careful and sensitive management, not least to minimise disruption to the local communities.

4.32 Given the timescales over which the programme will be delivered, and the extensive array of cost, value and programme variables, inevitably there is a considerable level of uncertainty over any assessment of the overall financial performance of the programme as a whole. It is possible to make more reliable forecasts on which to base investment decisions for initial phases which are advanced in terms of design and planning and will be delivered over short timescales. But for later phases that may be less well defined, and when market conditions are more difficult to forecast, there is inevitably more uncertainty.

4.33 Paragraph 174 of the NPPG, relating to ensuring viability and deliverability, states that “Evidence supporting the assessment should be proportionate, using only appropriate available evidence.” This test of proportionality poses some challenges in this case, as the financial viability of estate regeneration schemes is highly complex. It would not, in our view, be proportionate, to prepare a detailed Discounted Cash Flow appraisal, as would typically be used to determine whether such a long term regeneration programme was financially viable. On the other hand, we consider that it is necessary to evidence some financial metrics to support our assessment.

4.34 The RICS Guidance Note Financial Viability in Planning states that “In assessing the impact of planning obligations on the viability of the development process, it is accepted practice that a residual valuation model is most often used.” The Guidance Note also recognises that “Viability assessments should be accompanied with supporting information and evidence. The practitioner will rely upon and form opinions of the various components of a viability assessment in order to arrive at an appropriate professional judgment.”

4.35 In light of the factors described above, we have opted to carry out a high level residual land value appraisal, drawing heavily on Merton Council’s existing viability evidence base, but clearly stating the caveats associated with this methodology, and consider its findings in conjunction with supporting information and evidence when drawing our conclusions.

### Competitive returns to land owners and developers

4.36 Paragraph 173 of the NPPF states that “To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”

4.37 **Returns to land owner:** There are a number of key guidance documents considering the matter of “competitive returns to a willing land owner and willing developer”, as well as precedents set by decisions taken at previous examinations.

- **RICS (2012) Financial Viability in Planning:** This Guidance Note considers that a ‘competitive return’ is determined by market value.
- **Local Housing Delivery Group (2012) Viability Testing Local Plans:** This document advocates the use of current use value plus an appropriate premium as a benchmark for testing CIL and local plan policy requirements. The Local Housing Delivery Group was led by the Homes and Communities Agency (HCA) and comprises representatives from the National Homes Builders Federation, the Royal Town Planning Institute, local authorities and surveyors.
- **CLG (2014) National Planning Practice Guidance – Viability:** This guidance does not prescribe the most appropriate way to assess land or site value, but states that “For brownfield sites, assumptions about land values should clearly reflect the levels of mitigation and investment required to bring sites back into use.”
- It also states that “Particular consideration should also be given to Local Plan policies on planning obligations, design, density and infrastructure investment, as well as in setting the Community Infrastructure Levy, to promote the viability of brownfield sites across the local area.”
- **GLA (2016) Draft Affordable Housing SPG:** Whilst this document is concerned with the determination of planning applications, rather than the preparation of Local Plans, it states that “the Mayor does not consider it appropriate within a development appraisal to apply a fixed land value as an input which is based on price paid for land or a purely aspirational sum sought by a landowner.”
- Instead, it states that “The Mayor considers that the ‘Existing Use Value plus’ (EUV+) approach is usually the most appropriate approach for planning purposes,” and “The premium could be 20% to 30%, but this must reflect site specific circumstances and may be considerably lower.”

4.38 There are also a number of precedents set by decisions taken at previous examinations and planning appeals. A premium to induce development of 20-25% of existing use value has become an established benchmark; 10-20% has previously been deemed too low.

4.39 In the case of the three estates in question, the emerging Merton Estates Local Plan states that “A key expectation of any regeneration proposals that comes forward will be a commitment to keeping the existing community together in each neighbourhood, and for existing residents to have a guaranteed right to return to a new home in their regenerated neighbourhood.”

4.40 We have therefore excluded the value of both the existing housing stock, and the value of the replacement housing stock. We have, however, reflected the following site assembly costs (see later section for detailed assumptions):

- Buyback (leasehold and free unit units)
- Decant costs (affordable units)
- Disturbance costs (all units)
- Home loss (freehold / leasehold units)
- CPO / legal costs (freehold / leasehold units)
- CPO costs

**Figure 3 – Summary of key site-specific assumptions used in high level viability modelling**

	Eastfields	High Path	Ravensbury
<b>Existing</b>			
Net density (dph) – Existing	87	88	42
<b>Post-development</b>			
Average net density (dph)	169	200	63
<b>Replacement units (% of total post-development)</b>	<b>87 (51.5%)</b>	<b>88 (44.0%)</b>	<b>42 (66.7%)</b>

- 4.41 The Transfer Agreement between London Borough of Merton and Merton Priory Homes dated 22 March 2010 provides undertakings to improve the condition of the existing housing stock to a defined standard. We understand that a large number of homes within the three estates are in need of improvement, but that this has been deferred due to the pending estate regeneration plans. However, we understand that the obligations within the stock transfer and development agreements are binding, and that these existing contractual commitments would therefore form part of the consideration for the investment case for estate regeneration for any developer. We have therefore not reflected any premium to induce development.
- 4.42 Figure 4 outlines the threshold land values that we have assumed per hectare of gross developable area, based on site assembly costs.

**Figure 4 – Summary of threshold land values used in high level viability modelling**

Threshold land value	Eastfields	High Path	Ravensbury
Site assembly costs (£m / ha)	6.1	12.3	1.3

- 4.43 **Returns to developer:** As set out above, it would be typical for a regeneration programme of this nature to be modelled on a Discounted Cash Flow basis, and the returns for the developer would therefore be considered in terms of IRRs and NPVs. However, this level of financial viability modelling would not be proportionate to this commission, and we have therefore carried out high level residential land value appraisals, using a Developer’s Profit.
- 4.44 The RICS Guidance Note Financial Viability in Planning (2012) recognises that rates of return must be risk-adjusted (including both property-specific and broader market risks), citing the example that “a small scheme constructed over a shorter timeframe may be considered relatively less risky and therefore attract a lower profit margin, given the exit position is more certain, than a large redevelopment spanning a number of years where the outturn is considerably more uncertain.”
- 4.45 There are a number of precedents set by decisions taken at previous examinations and planning appeals. A Developer Profit of 20% of GDV has become an established benchmark; 17.5% has previously been deemed too low.
- 4.46 We note that the Transfer Agreement between London Borough of Merton and Merton Priory Homes dated 22 March 2010 contains provisions relating to development and disposals. We understand that this provides that if any part of the Property is the subject of an Estate Redevelopment the Clawback Sum (payable to the Council) shall be 5% of the greater of the price received by the Company on any



Disposal by way of open market sale of any dwelling comprised within the Estate Redevelopment and the Open Market Value of the dwelling or dwellings comprised in such Disposal as at the date of the Disposal.

- 4.47 Given the balance of risks and incentives described above, and the high level nature of the modelling, we have adopted the Developer Profit assumed in the existing viability evidence base of 20% of GDV.

#### **Cross-subsidy across the three estates**

- 4.48 The emerging Merton Estates Local Plan states that “Not unusually for a scheme of this size, financial viability is complex and modelling prepared by CHMP indicates a potential deficit. CHMP have committed to an open book accounting process to facilitate the understanding of the impact on residents and council services.”
- 4.49 The plan also states that “The regeneration of all three estates as part of a single comprehensive programme has been presented to the council as the basis be being able to viably deliver regeneration and it is on this basis that the council is considering the deliverability of the Estates Local Plan.”
- 4.50 There is also recognition that “the estates regeneration programme presents a particular opportunity for the smaller estates at Eastfields and Ravensbury for which regeneration is now financially viable when connected with High Path.”

#### **Other key assumptions and data sources**

- 4.51 Please refer to Appendix D for a list of non-site specific assumptions and data sources used, highlighting where we have updated or modified assumptions within the existing viability evidence base.

#### **Results of viability assessment**

- 4.52 Figure 5 below provides a summary of results from the high level viability modelling, on the basis of a one-hectare tile, applying the methodology and key assumptions and data sources outlined above.
- 4.53 The assessment finds that a 100% private scheme would generate a positive Residual Land Value. However, after incurring planning policy mitigation costs, including a considerable number of replacement dwellings at each site, High Path and Ravensbury would generate a marginal Residual Land Value, and Eastfields a negative one.
- 4.54 After accounting for the assumed threshold land value per hectare (a high level estimate of site assembly costs as per the methodology outlined above), High Path generates a marginal surplus / deficit, whilst Eastfields and Ravensbury both generate a deficit.
- 4.55 We have also shown the estimated Section 106 allowance and Local CIL contributions generated, which should be considered within the context of the viability considerations outlined for each site in the Planning Policy Context section.

**Figure 5 – Summary of findings from high level viability modelling (per hectare tile)**

	Eastfields	High Path	Ravensbury
Assumed number of dwellings per hectare	169	200	63
<b>Gross Residual Land Value (before planning policy mitigation – i.e. 100% private scheme)</b>	<b>Positive</b>	<b>Positive</b>	<b>Positive</b>
<b>Key planning policy mitigation items</b>			
Assumed replacement dwellings per hectare	87	88	42
Estimated Section 106 allowance per hectare, at £1,000 per unit (£)	c.370,000	c.440,000	c.136,000
Estimated Local CIL contributions per hectare (£)	c.300,000	c.875,000	c.100,000
<b>Net Residual Land Value (after planning policy mitigation)</b>	<b>Negative</b>	<b>Marginal</b>	<b>Marginal</b>
Assumed land value per hectare (£m)	6.1	12.3	1.3
<b>Comparison of Net Residual Land Value and threshold land value</b>	<b>Deficit</b>	<b>Marginal</b>	<b>Deficit</b>

4.56 As previously stated, we do not believe that the Merton Estates Local Plan policy results in any significant burden beyond the existing policy requirements.

4.57 There are however some important caveats to the methodology used, which draws on the existing viability evidence for typical sites in Merton:

- **Use of high level residual land value appraisal rather than Discounted Cash Flow appraisal, as would typically be used to determine the viability of a long term regeneration programme** – See commentary on phasing, above.
- **Limited forecasting of longer term growth, and no forecasting of inflation** - The RICS Guidance Note Financial Viability in Planning notes that “For large-scale developments taking many years, to undertake some form of trend forecasting of values and costs is desirable, plus some allowance for an increase up to, or decrease down to, trend levels, so that the effects of inflation can be correctly taken into account in terms of the future market cycle. If current values and costs are used, the residual land value or return on completion of development, or phases of development, when discounted back to the present day will be noticeably lower than if the effects of inflation are taken into account. Arguably, this will not give an accurate assessment of the viability of a scheme.”
- **Densities on the High Path estate reflect the highest density development mix from the existing viability evidence base, although this is significantly below London Plan density guidance** – A density of 200dph was assumed at High Path, whilst the London Plan density guidance suggests that densities up to 405dph may be appropriate, the existing Planning Policy Framework and emerging Merton Estates Local Plan provide for tall buildings in this location, and the emerging masterplanning by Clarion Group provides densities of circa 270dph

4.58 There are also clear indications from Clarion Group’s own analysis that there are a number of special circumstances which suggest that the programme as a whole is viable and deliverable, these include:

- Potential to achieve higher densities
- Savings arising from existing commitments to provide Decent Homes standards
- Cost efficiencies compared to the assumptions made
- Accepting lower rates of return reflecting a mixed tenure including private rented
- Measures to reduce risk and therefore contingency
- Access to finance on favourable terms
- Greater potential for regeneration uplift

## Macroeconomic considerations

4.59 Paragraph 174 of the NPPF states that “In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle.”

4.60 The Merton Estates Plan states that “It is envisaged that the delivery programme will cover a period of 10 to 15 years and will occur over several phases.” The regeneration programme is therefore likely to span at least one economic cycle, and there are a number of considerations that may affect the viability of the regeneration programme throughout this period.

**Figure 6 – Key macroeconomic considerations**

Factor	Considerations	Potential impacts on
Economic cycle	<ul style="list-style-type: none"> <li>• Employment (consumer demand, public sector expenditure, investor confidence, balance of trade)</li> <li>• Sectoral growth</li> <li>• Lending environment</li> <li>• Availability of development finance / interest rates</li> <li>• Availability of mortgages / interest rates</li> <li>• Investment performance / savings rates</li> </ul>	<ul style="list-style-type: none"> <li>• Residential sales values and demand</li> <li>• Residential rental values and demand</li> <li>• Delivery rates / tenure mix</li> <li>• Investor demand (particularly Private Rented Sector)</li> <li>• Commercial property values and demand</li> <li>• Finance costs</li> <li>• Returns to land owner / developer</li> <li>• Land value uplift / clawback</li> </ul>
Productivity and inflation	<ul style="list-style-type: none"> <li>• Real wage growth</li> <li>• Technological and business process innovation</li> <li>• Employment</li> <li>• Affordability of mortgages</li> <li>• Global and domestic consumer demand</li> <li>• Construction price inflation</li> <li>• Value of sterling</li> <li>• Interest rates</li> <li>• Market disruption / changes in consumption patterns</li> </ul>	<ul style="list-style-type: none"> <li>• Residential sales values and demand</li> <li>• Residential rental values and demand</li> <li>• Delivery rates / tenure mix</li> <li>• Construction costs</li> <li>• Finance costs</li> <li>• Returns to land owner / developer</li> <li>• Land value uplift / clawback</li> </ul>
Public sector accounts	<ul style="list-style-type: none"> <li>• Investment in housing and economic infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Residential sales values and demand</li> </ul>

	<ul style="list-style-type: none"> <li>• Home ownership subsidy and guarantee schemes</li> <li>• Local authority and departmental budgets</li> <li>• Centralisation / devolution of taxation income and funding decisions</li> <li>• Levels / distribution of taxation</li> </ul>	<ul style="list-style-type: none"> <li>• Residential rental values and demand</li> <li>• Delivery rates / tenure mix</li> <li>• Commercial property values and demand</li> <li>• Local planning authority resources</li> <li>• Availability of public sector loans and grants</li> <li>• Infrastructure spending</li> <li>• Availability of affordable housing grant</li> <li>• Returns to land owner / developer</li> <li>• Land value uplift / clawback</li> </ul>
Construction sector capacity and productivity	<ul style="list-style-type: none"> <li>• Availability of labour (freedom of movement)</li> <li>• Availability and cost of materials and plant</li> <li>• Technological and business process innovation (Modern Methods of Construction, Building Information Modelling)</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery rates</li> <li>• Construction methods and costs</li> <li>• Finance costs</li> <li>• Returns to land owner / developer</li> <li>• Land value uplift / clawback</li> <li>•</li> </ul>
Regional growth	<ul style="list-style-type: none"> <li>• Affordability of housing</li> <li>• Sectoral growth (particularly finance industry)</li> <li>• 'Congestion costs' (particularly public transport capacity)</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Residential sales values and demand</li> <li>• Residential rental values and demand</li> <li>• Delivery rates / tenure mix</li> <li>• Commercial property values and demand</li> <li>• Returns to land owner / developer</li> <li>• Land value uplift / clawback</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>• UK emissions targets</li> <li>• Repeal of / freedom from EU legislation</li> <li>• Technological innovation</li> <li>• Climate change</li> <li>• Economic stability / resource shortages</li> <li>• Obsolescence / whole life costing</li> <li>• Investment performance</li> </ul>	<ul style="list-style-type: none"> <li>• Investor demand</li> <li>• Commercial property values and demand</li> <li>• Construction methods and costs</li> <li>• Finance costs</li> <li>• Returns to land owner / developer</li> <li>• Land value uplift / clawback</li> </ul>
Demographic and lifestyle changes	<ul style="list-style-type: none"> <li>• Work and travel patterns (particularly remote working, Connected and Autonomous Vehicles)</li> <li>• Household / family structure</li> <li>• Age and economic activity</li> <li>• Market disruption / changes in consumption patterns</li> </ul>	<ul style="list-style-type: none"> <li>• Design and development mix</li> <li>• Residential sales values and demand</li> <li>• Residential rental values and demand</li> <li>• Delivery rates / tenure mix</li> <li>• Commercial property values and demand</li> </ul>

		<ul style="list-style-type: none"> <li>• Returns to land owner / developer</li> <li>• Land value uplift / clawback</li> </ul>
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- 4.61 As stated previously, we do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.
- 4.62 The current land owner will have factored a number of the considerations above into their target financial returns and sensitivity testing. The Plan notes that they have committed to an open book accounting process, allowing for developer obligations to be imposed taking account of viability at the time of a planning application. The payment / expenditure of such obligations may be aligned with development phasing, allowing for flexibility should these shift depending on the stage in the economic cycle.

# 5. Conclusions

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- 5.1 Our review of the emerging Merton Estates Local Plan concludes that the policies and underlying urban design principles within it will not result in any significant burden beyond the existing planning policy framework.
- 5.2 The regeneration of the three estates represents a significant long term investment, which is likely to be implemented over many phases and different stages in the economic cycle. This makes viability modelling an uncertain process. High level financial viability modelling has been undertaken, drawing heavily upon Merton Council's existing viability evidence base. This shows that High Path generates a marginal surplus / deficit, whilst Eastfields and Ravensbury both generate a deficit.
- 5.3 Notwithstanding this, it is apparent that there are a number of special assumptions that lead the current land owners to consider the programme to be viable. These include emerging proposals for higher densities than we were able to model, and non-assignable obligations arising from the Transfer Agreement, including commitments to meet Decent Homes standards.
- 5.4 Overall, in our view the Plan meets the NPPF test of appropriateness that the cumulative impact of the standards and policies should not put implementation of the plan at serious risk.
- 5.5 This paper does not consider the viability of specific proposals for development. Planning obligations relating to affordable housing and other mitigation measures will need to be considered on a case by case basis, and with regard to the underlying assumptions that existing residents will have a guaranteed right to return to a new home in their regenerated neighbourhood, and that the regeneration programme will be comprehensive across the three estates.

# Appendix A: Viability implications of emerging Merton Estates Local Plan policies - Eastfields

BBP Regeneration undertook a review of the potential impact of the emerging policies on development viability, by comparing their impact to the existing planning policy framework, and the previous viability assessment of the impact of these.

Summary of Merton Estates Local Plan policy	Summary of relevant Core Strategy policy	Summary of relevant Sites and Policies DPD policy	Summary of cost consideration from Merton Council (2013) Sites & Policies Plan and Policies Map - Viability Assessment	Anticipated viability impact of Estates Local Plan policy
<p><b>EP E1 Townscape</b> Well defined building line frontage, broken at intervals by streets. Focal point at intersection of north-south and east-west streets. Visual connectivity from within estate to attractive surroundings.</p>	<p><b>Policy CS 14 Design</b> (d) iii. not result in an adverse impact on the suburban characteristics of the streetscape. (e) Requiring the development and improvement of the public realm to be accessible, inclusive and safe, simplified in design and unified by Merton's green character to create an environment of real quality. (f) Using objectives, proposals and policies within national, regional and local policy, including local guidance or evidence such as design guides, character appraisals and management plans to shape new built form and enhance the overall design quality of the borough.</p> <p><b>Policy CS2 Surrounding areas of Mitcham Town Centre</b> Enhancing the public realm through high quality urban design and architecture, and permitting development that makes a positive visual impact to the overall surroundings and connectivity to the town centre.</p>	<p><b>DM D2 Design Considerations</b> i. Relate positively and appropriately to the siting, rhythm, scale, density, proportions, height, materials and massing of surrounding buildings and existing street patterns, urban layout and landscape features of the surrounding area; ii. Use appropriate architectural forms, language, detailing and materials which complement and enhance the character of the wider setting; iv. Ensure appropriate provision of outdoor amenity space, whether public, private or communal which accords with appropriate minimum standards and is compatible with the character of surrounding areas;</p> <p><b>DM D1 Urban Design and the Public Realm</b> d) The maintenance and enhancement of identified important local views, panoramas and prospects and their settings and where appropriate, create new views.</p>	<p>Meeting the design requirements and retaining amenity features would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p>	<p><b>Assessment of additional policy burden:</b> We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>

Summary of Merton Estates Local Plan policy	Summary of relevant Core Strategy policy	Summary of relevant Sites and Policies DPD policy	Summary of cost consideration from Merton Council (2013) Sites & Policies Plan and Policies Map - Viability Assessment	Anticipated viability impact of Estates Local Plan policy
		g) Development in town centres and other retail and mixed use areas must interact positively with the public realm by the creation of active and attractive frontages that promote natural surveillance and not create dead frontage through lack of windows or provision of advertising		
<p><b>EP E2 Street network</b></p> <p>a) The three streets of Acacia Road, Mulholland Close and Clay Avenue should be combined into one continuous East-West street on as straight an alignment as possible.</p> <p>b) The estate layout should accommodate the potential for a new traditional street following the location of the existing footpath. This new street should be continued clearly through the estate, creating a new North-South street to the boundary with the cemetery with uninterrupted views.</p> <p>c) A new street should be provided parallel to Hammond Avenue such that the backs of new housing on its west side can face the backs of the existing bungalows on Hammond Avenue.</p> <p>d) On the east side of the estate a new street should be created to face Long Bolstead Recreation Ground and the cemetery, in order to retain the visual and physical link between the estate and the recreation ground.</p> <p>e) To the south of the estate there is a wide expanse of under-utilised road space and parking. Here, the existing perimeter street of Clay Avenue should either:-</p> <p>(i) be positioned closer to the estate boundary and lined with housing frontages overlooking the cemetery, the street being suitable as mews type street; or</p>	<p><b>Policy CF14 Design</b></p> <p>All development needs to be designed in order to respect, reinforce and enhance the local character of the area in which it is located and to contribute to Merton's sense of place and identity.</p> <p>a. Conserving and enhancing Merton's heritage assets and wider historic environment particularly the valued centres, suburban neighbourhoods, industrial heritage and iconic green spaces, through conservation areas, statutory and locally listed buildings, scheduled ancient monuments, historic parks and gardens and archaeological sites and other non-designated heritage assets;</p> <p><b>Other relevant policies: CS 2; CS 14 (d), (e), (f) – see above.</b></p>	<p><b>Please refer to DM D2 Design Considerations as above.</b></p> <p><b>DM D1 Urban Design and the Public Realm</b></p> <p>a) The creation of urban layouts based on a permeable and easily navigable network of recognisable streets and spaces that link in seamlessly with surrounding development and facilitate walking, cycling and use of public transport. (Permeability)</p> <p>b) The creation of urban environments which are easy to understand and navigate through, by provision of legible routes, spaces and landmarks and clearly defined buildings and spaces. (Legibility)</p> <p>e) New development should provide and reinforce a clearly identifiable network of public streets and spaces that constitute the public realm, based on the creation of 'defensible space', and a clear distinction and appropriate gradation between public and private space.</p> <p>f) Proposals for changes to and enhancement of the highway shall be designed according to best practice and, depending on their scale and impact, may be subject to a design review process.</p>	<p>Meeting the design requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p> <p>Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b></p> <p>n/a</p>



Summary of Merton Estates Local Plan policy	Summary of relevant Core Strategy policy	Summary of relevant Sites and Policies DPD policy	Summary of cost consideration from Merton Council (2013) Sites & Policies Plan and Policies Map - Viability Assessment	Anticipated viability impact of Estates Local Plan policy
(ii) a new traditional street provided, set further north to enable new housing frontages to face north onto it, with backs facing the cemetery.				
<p><b>EP E3 Movement and access</b></p> <p>a) Vehicular access arrangements should not divide the estate into two. Proposals for the estate must investigate the feasibility of Acacia Road, Mulholland Avenue and Clay Avenue being combined into a single street with full vehicular access at both ends.</p> <p>b) Pedestrian and cycle access from the north should be improved by upgrading the existing footway/access running south from Grove Road towards Mullholland Close. The potential to widen this link into a proper street with carriageway and footways either side should also be explored.</p> <p>c) Internal north-south streets should penetrate to the site boundary with the cemetery in a number of places on the southern boundary</p>	<p><b>Please refer to CS 14 Design (e), (f) – see above.</b></p>	<p><b>Please refer to DM D1 Urban Design and the Public Realm (a), (b), (e) – see above</b></p> <p><b>DM T5 Consideration of the Connections and Access to the Road Network</b></p> <p>a) Minimise impacts on the movement of people or goods, be appropriately located and connected to the road hierarchy. Contribute to building strong local communities through the delivery of a quality inclusive environment and public places in accordance with the Department of Transport's Manual for Streets 1 &amp; 2, with emphases on delivering sustainable places.</p>	<p>Meeting transport requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Subject to outcomes of the Travel Plan, for instance or other required transport documents, additional measures required to mitigate against the impact of the development will be secured through S106 obligations, conditions and other legal agreements. Costs towards S106 and S278 have been included in Merton's viability appraisals.</p>	<p><b>Assessment of additional policy burden:</b> We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>
<p><b>EP E4 Land use</b></p> <p>Predominantly residential with open space provision and with re-provision of existing non-residential uses and designated open space.</p> <p>Densities should not be solely focused around figures, but must be assessed as a product of a range of relevant design, planning, social, environmental and management factors. Exceeding the current indicated density ranges may be considered appropriate where proposals will create developments of exceptional urban design quality.</p>	<p><b>Policy CS 14 – Design</b></p> <p>(c) Protecting the valued and distinctive suburban character of the borough by resisting the development of tall buildings where they will have a detrimental impact on this character. Tall buildings may therefore only be appropriate in the town centres of Colliers Wood, Morden and Wimbledon, where consistent with the tall buildings guidance in the justification supporting sub-area policies, where of exceptional design and architectural quality, where they do not cause harm to the townscape and where they will bring benefits towards regeneration and the public realm. Even with the identified</p>	<p><b>DM D2 Design Considerations</b></p> <p>i. Relate positively and appropriately to the siting, rhythm, scale, density, proportions, height, materials and massing of surrounding buildings and existing street patterns, urban layout and landscape features of the surrounding area.</p> <p><b>DM E1 Employment Areas in Merton</b></p> <p>a) Retain existing employment land and floorspace and support proposals for the redevelopment of vacant and underused existing employment land and floorspace for employment use.</p> <p>b) Provide:</p>	<p>Re-provision of non-residential uses is a cost that the applicant would need to consider when developing their site. This requirement would be sought to make the planning permission acceptable in planning terms. But the policy is flexible as it allows the applicant to choose providing marketing evidence.</p>	<p><b>Assessment of additional policy burden:</b> We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>

Summary of Merton Estates Local Plan policy	Summary of relevant Core Strategy policy	Summary of relevant Sites and Policies DPD policy	Summary of cost consideration from Merton Council (2013) Sites & Policies Plan and Policies Map - Viability Assessment	Anticipated viability impact of Estates Local Plan policy
	centres, some areas are sensitive to tall buildings.	i. large offices and businesses (B1 [a] Use Class) in town and local centres or in areas with good access to public transport (PTAL 5 and above) and within close proximity to additional services for employees and workers. ii. small offices and businesses (B1 [a] Use Class) throughout the borough.		
<p><b>EP E5 Open space</b></p> <p>a) There must be equivalent or better re-provision of the area of designated open space at the boundary with the cemetery in terms of quantity and quality to a suitable location within the estate, with high quality landscaping and recreational uses.</p> <p>b) Suitably designed play space(s) for all age groups must to be provided in accordance with the Mayor of London's 'Play and Informal Recreation' supplementary planning guidance document (2012).</p> <p>c) As there are groups of large mature trees in the existing main open space, any new open space must incorporate these trees into it as key landscape feature.</p> <p>d) All new houses must have gardens that meet or exceed current space standards.</p>	<p><b>Policy CS 13 Open space, nature conservation, leisure and culture</b></p> <p>a. Protect and enhance the borough's public and private open space network including Metropolitan Open Land, parks, and other open spaces;</p> <p>b. Improve access to open space and nature conservation by public transport, cycle, mobility vehicles and on foot;</p> <p>c. Expect development to incorporate and maintain appropriate elements of open space, play areas and landscape features such as trees which makes a positive contribution to the wider network of open spaces. Where this is not feasible, planning contributions will be sought to do so;</p> <p>d. Work with partners to develop and implement proposals for the Wandale Valley Regional Park.</p> <p><b>CS14 Design</b></p> <p>d. Encouraging well designed housing in the borough: (a) by ensuring that all residential development complies with the most appropriate minimum space standards.</p>	<p><b>DM O1 Open Space</b></p> <p>Protects and enhances open space and to improve access to open space.</p> <p><b>DM D2 Design Considerations in all Developments</b></p> <p>Ensure appropriate provision of outdoor amenity space, whether public, private or communal which accords with appropriate minimum standards and is compatible with the character of surrounding areas</p>	<p>Major schemes are expected to provide new open spaces as part of developments. This policy requirement is subject to viability. Meeting the design requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p> <p>Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p><b>Assessment of additional policy burden:</b></p> <p>We note that the Core Strategy refers to <i>Providing for Children and Young People's Play and Informal Recreation (2008) SPD</i> while the requirement of the Estates Plan regards 2012 SPD.</p> <p>However, we do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b></p> <p>n/a</p>
<p><b>EP E6 Environmental protection</b></p> <p>a) Reduce post-development run-off rates as close to greenfield rates as reasonably possible.</p>	<p><b>Policy CS 16 Flood Risk Management</b></p> <p>b. Apply the sequential and exception tests to avoid inappropriate development in relation to flood risk;</p>	<p><b>DM F2 Sustainable Drainage Systems (SuDS)</b></p> <p>Measures will be sought against the impact of flooding from all sources and surface water run-off through the</p>	<p>Mitigation measures within schemes could be included as part of any well-planned development and these costs would be included within the normal cost of development. These</p>	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any</p>

Summary of Merton Estates Local Plan policy	Summary of relevant Core Strategy policy	Summary of relevant Sites and Policies DPD policy	Summary of cost consideration from Merton Council (2013) Sites & Policies Plan and Policies Map - Viability Assessment	Anticipated viability impact of Estates Local Plan policy
<p>b) Demonstrate how surface water runoff is managed as high up the London Plan drainage hierarchy as possible.</p> <p>c) Sustainable Drainage Systems (SuDS) must be part of any major development proposals. Drainage and SuDS should be designed and implemented in ways that deliver other policy objectives for each of the following benefits:</p> <ul style="list-style-type: none"> <li>• Blends in and enhances amenity, recreation and the public realm</li> <li>• Enhances biodiversity</li> <li>• Improves water quality and efficiency</li> <li>• Manages flood risk</li> </ul> <p>d) The development must be made safe from flooding, without increasing flood risk elsewhere for the lifetime of the development. Potential overland flow paths should be determined and appropriate solutions proposed to minimise the impact of the development, for example by configuring road and building layouts to preserve existing flow paths and improve flood routing, whilst ensuring that flows are not diverted towards other properties elsewhere.</p> <p>e) Proposals should seek to link existing and proposed open space in a unified landscape layout; this should include minor green corridors that will encourage species to move from the cemetery into or through the development.</p> <p>f) Energy strategies should clearly demonstrate that development delivers energy efficiency improvements at each level of the Mayors Energy Hierarchy when compared to the existing buildings on the estate. Outlining how improvements have been achieved according to the hierarchy of; improved</p>	<p>c. Implement sustainable drainage systems (SUDs) across the borough and work towards effective management of surface water flooding;</p> <p>d. Fully engage in flood risk emergency planning including the pre, during and post phases of flooding event;</p> <p>e. Propose ensure the implementation of measures to mitigate flood risk across the borough that are effective, viable, attractive and enhance the public realm and ensure that any residual risk can be safely managed.</p> <p><b>Policy CS 15 Climate Change</b> All minor and major development, including major refurbishment, will be required to demonstrate the following unless developers can robustly justify why full compliance with the policy requirements is not viable:</p> <p>a. How it makes effective use of resources and materials, minimises water use and CO2 emissions;</p> <p>b. How development proposals are making the fullest contribution to minimising carbon dioxide emissions in accordance with the following energy hierarchy:</p> <ol style="list-style-type: none"> <li>1. Be lean: use less energy</li> <li>2. Be clean: supply energy efficiently</li> <li>3. Be green: use renewable energy</li> </ol> <p>c. How it is sited and designed to withstand the long term impacts of climate change, particularly the effect of rising temperatures on mechanical cooling requirements;</p> <p><b>CS13 Open Space</b> g. Nature conservation:</p> <ol style="list-style-type: none"> <li>1. Protect and enhance biodiversity through supporting the objectives of the London Biodiversity Action Plans;</li> </ol>	<p>inclusion, of SuDS, green roofs, rain water harvesting and other innovative technologies.</p> <p>When discharging surface water to the public sewer, developers are required to demonstrate, that the local public sewerage network has capacity to serve the development. If the public sewer does not have capacity, the developer should provide evidence outlining the reasons and demonstrating alternative sustainable approaches to the management of surface water.</p> <p>Developers are required to ensure all designs of gardens and open spaces are done in a way that optimises drainage and reduces runoff.</p> <p><b>DM D2 Design Considerations in all developments</b> Conserve and enhance the natural environment, particularly in relation to biodiversity and wildlife habitats and gardens;</p>	<p>requirements may be subject to viability. Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p>significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>

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<p>building fabric, increasing the efficiency of supply and renewable energy generation, and how this compares to existing development on the sites.</p> <p>g) When preparing development proposals in accordance with Policy 5.3 of the London Plan, proposals should include suitable comparisons between existing and proposed developments in order to fully demonstrate the expected improvements.</p> <p>All new developments proposals should consider the following sustainable design and construction principles: avoidance of internal overheating; efficient use of natural resources (including water); minimising pollution; minimising waste; protection of biodiversity and green infrastructure and sustainable procurement of materials.</p> <p>h) Technological improvements in battery storage have started to provide a potential energy storage solution suitable for use in connection to domestic solar PV systems. The use of on-site storage offers a potential technological solution that would increase on-site renewable energy consumption, reduce utility costs and provide in-situ demand side management. Battery storage can therefore be considered to sit within the 'be lean' or middle level of the mayors energy hierarchy. Domestic PV installations should therefore not be considered without exploring the potential for on-site energy storage. Carbon savings from the incorporation of appropriately sized battery storage can be calculated by assuming that distribution losses from battery connected solar PV systems are zero.</p> <p>i) Applicants must demonstrate how their plans contribute to improving air</p>	<p>2. Encourage new green links, green corridors and islands to seek to reduce areas of deficiency in nature conservation and to create safe species movement and havens for nature;</p> <p><b>CS17 Waste Management</b></p> <p>e. We will increase recycling rates and address waste as a resource, looking to disposal as the last option in line with the waste hierarchy. To support recycling, the council will require integrated, well-designed waste storage facilities that will include recycling facilities for all new developments where appropriate.</p>			

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<p>quality and provide evidence to demonstrate that passive ventilation strategies employed to prevent overheating will not inadvertently expose residents to poor air quality or unacceptable levels of external noise.</p> <p>j) New development must ensure the preservation, protection and enhancement of protected species and habitats within the site and on adjacent land such as Streatham Park Cemetery, and should demonstrate that the proposals would result in net biodiversity gains.</p> <p>k) Development proposals must be accompanied by a working method statement and construction logistics plan.</p> <p>l) Development proposals should apply the waste hierarchy where waste is minimised, re-used and recycled, and residual waste is disposed of sustainably in the right location using the most appropriate mean.</p>				
<p><b>EP E7 Landscape</b></p> <p>a) Street tree planting must be a key feature of a landscape strategy which links into proposed open space with significant trees, the recreation ground and the adjacent cemetery.</p> <p>b) Landscaping layouts must, where practicable, form green links between open spaces and the public realm, whilst framing visual links from the estate to the adjacent cemetery and recreation ground.</p> <p>c) There must be street tree planting on the combined East-West street of Acacia Road, Mulholland Close and Clay Avenue, including the retention of established trees as well as the planting of new trees.</p>	<p><b>Policy CS 13 Open space, nature conservation, leisure and culture</b></p> <p>c. Expect development to incorporate and maintain appropriate elements of open space, play areas and landscape features such as trees which makes a positive contribution to the wider network of open spaces. Where this is not feasible, planning contributions will be sought to do so;</p> <p>g. Nature Conservation:</p> <ol style="list-style-type: none"> <li>1. Protect and enhance biodiversity through supporting the objectives of the London Biodiversity Action Plans;</li> <li>2. Encourage new green links, green corridors and islands to seek to reduce areas of deficiency in nature conservation</li> </ol>	<p><b>DM D2 Design Considerations in all Developments.</b></p> <p>(a) viii. Conserve and enhance the natural environment, particularly in relation to biodiversity and wildlife habitats and gardens;</p> <p>ix. Ensure trees and other landscape features are protected;</p> <p>x. Ensure that landscaping forms an integral part of any new development where appropriate;</p> <p><b>DM O2 Nature Conservation, Trees, hedges and landscape Features</b></p> <p>b) A development proposal will be expected to retain, and where possible enhance, hedges, trees and other landscape features of amenity value.</p>	<p>Meeting the design requirements and retaining amenity features would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p> <p>Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b></p> <p>n/a</p>

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<p>d) Additions to existing tree planting, must reinforce the linear nature of the East-West street. In addition tree planting should create a landscape buffer between new development and any traffic flow on the route.</p> <p>e) Tree species must be specified to mitigate against pollution and noise. Planting layout and species need to be considered to ensure an attractive street scene whilst taking care not to restrict light or cause overshadowing to adjacent buildings.</p> <p>f) Landscaping proposals must address the perimeter of the estate in a unified manner. Unattractive scrub particularly on Mulholland Close should be removed to improve the setting of established trees and visual links to the surrounding area. Mature trees around the estate should be retained and the boundary treatment enhanced.</p> <p>g) The estate currently has a group of established mature trees in the central green space. These trees must be retained and be used to inform the design of landscaping, for example to provide cues for the location of focal points.</p>	<p>and to create safe species movement and havens for nature;</p> <p>3. Refuse development that has a significant adverse effect on the population or conservation status of protected or priority species and priority habitats;</p> <p>4. Require any development proposals likely to affect a Site of Special Scientific Interest, Metropolitan, Borough or Local Sites of Importance for Nature Conservation and Local Nature Reserve, as shown on the Proposals Map, to demonstrate that such development will not adversely affect the nature conservation values of the site;</p> <p>5. Protect street trees and use Tree Preservation Orders to safeguard significant trees;</p> <p>8. Require, where appropriate, development to integrate new or enhanced habitat or design and landscaping which encourages biodiversity and where possible avoid causing ecological damage. Developers must propose full mitigation and compensation measures for any ecological damage that is caused.</p>	<p>c) Development will only be permitted if it will not damage or destroy any tree which:</p> <ul style="list-style-type: none"> <li>i. is protected by a tree preservation order;</li> <li>ii. is within a conservation area; or,</li> <li>iii. has significant amenity value.</li> </ul> <p>d) However, development may be permitted when:</p> <ul style="list-style-type: none"> <li>i. the removal of the tree is necessary in the interest of good arboricultural practice; or,</li> <li>ii. the benefits of the development outweighs the tree's amenity value.</li> </ul> <p>e) In granting permission for a proposal that leads to the loss of a tree, hedge or landscape feature of amenity value, replacement planting or landscape enhancement of a similar or greater value to that which has been lost, will be secured through the use of conditions or planning obligations.</p> <p>f) Proposals for new and replacement trees, hedges and landscape features should consist of appropriate native species to the UK.</p>		
<p><b>EP E8 Building heights</b></p> <p>a) The majority of buildings across the estate must be of a height similar and harmonious to surrounding residential areas to contribute to achieving consistency with the surrounding character. Building heights must be based on a comprehensive townscape appraisal and visual assessment which builds on the analysis included in this document. Any strategy for building heights must make a positive</p>	<p><b>Policy CS 14 – Design</b></p> <p>(c) Protecting the valued and distinctive suburban character of the borough by resisting the development of tall buildings where they will have a detrimental impact on this character. Tall buildings may therefore only be appropriate in the town centres of Colliers Wood, Morden and Wimbledon, where consistent with the tall buildings guidance in the justification supporting sub-area policies, where of exceptional design and architectural</p>	<p><b>DM D2 Design Considerations</b></p> <p>i. Relate positively and appropriately to the siting, rhythm, scale, density, proportions, height, materials and massing of surrounding buildings and existing street patterns, urban layout and landscape features of the surrounding area.</p>	n/a	<p><b>Assessment of additional policy burden:</b> We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a.</p>

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<p>contribution to the existing townscape, character and local distinctiveness of the area.</p> <p>b) Buildings taller than this may be considered appropriate to facilitate intensified use of the site. Taller buildings are most appropriately located towards the centre of the site and must be informed by the existing mature trees. They should complement, rather than compete with the scale of this vegetation.</p> <p>c) Taller building may also be appropriate at the intersection of N-S &amp; E-W streets and to a lesser extent along Acacia Road and Mulholland Close, to signify main routes into the estate and relate to St. Marks Academy.</p> <p>d) When viewed from outside the estate, taller buildings must not be seen to dominate the landscape or skyline.</p>	<p>quality, where they do not cause harm to the townscape and where they will bring benefits towards regeneration and the public realm. Even with the identified centres, some areas are sensitive to tall buildings.</p>			

# Appendix B: Viability implications of Draft Merton Estates Local Plan policies – High Path

BBP Regeneration undertook a review of the potential impact of the emerging policies on development viability, by comparing their impact to the existing planning policy framework, and the previous viability assessment of the impact of these.

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<p><b>EP H1 Townscape</b> A continuous building line fronting the street, punctuated by side streets into the estate, from Merton High Street, with active frontages and no blank walls or gable ends.</p> <p>Clear unobstructed street views, particularly along Pincott Road and Nelson Grove Road. Landmark building at key entry points into the estate.</p> <p>A focal point or space must be provided that highlight the significance of the areas local history particularly its connection to Lord Nelson.</p> <p>The design and layout of the estate must be well integrated into the surrounding area.</p> <p>Discussions with TfL are required to understand how proposals for a tram from Morden Road Tram Stop to South Wimbledon underground station, including enabling infrastructure, can be incorporated as part of any alterations to Morden Road.</p>	<p><b>Policy CS 14 Design</b> (d) iii. not result in an adverse impact on the suburban characteristics of the streetscape. (e) Requiring the development and improvement of the public realm to be accessible, inclusive and safe, simplified in design and unified by Merton’s green character to create an environment of real quality. (f) Using objectives, proposals and policies within national, regional and local policy, including local guidance or evidence such as design guides, character appraisals and management plans to shape new built form and enhance the overall design quality of the borough.</p> <p><b>Policy CS 1 Surrounding area of Colliers Wood including South Wimbledon</b> g. Supporting development which helps to improve the quality of local housing, traffic flow and the public realm, especially in the South Wimbledon area; h. Supporting improvements to the transport infrastructure that will help to</p>	<p><b>DM D2 Design Considerations</b> i. Relate positively and appropriately to the siting, rhythm, scale, density, proportions, height, materials and massing of surrounding buildings and existing street patterns, urban layout and landscape features of the surrounding area; ii. Use appropriate architectural forms, language, detailing and materials which complement and enhance the character of the wider setting; iv. Ensure appropriate provision of outdoor amenity space, whether public, private or communal which accords with appropriate minimum standards and is compatible with the character of surrounding areas;</p> <p><b>DM D1 Urban Design and the Public Realm</b> d) The maintenance and enhancement of identified important local views, panoramas and prospects and their settings and where appropriate, create new views.</p>	<p>Meeting the design requirements and retaining amenity features would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p>	<p><b>Assessment of additional policy burden:</b> We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>



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	reduce road congestion and improve the public realm, particularly for pedestrians and cyclist;	g) Development in town centres and other retail and mixed use areas must interact positively with the public realm by the creation of active and attractive frontages that promote natural surveillance and not create dead frontage through lack of windows or provision of advertising		
<p><b>EP H2 Street network</b></p> <p>a) Nelson Grove Road and Pincott Road provide an appropriate basis for the design of the new street network and must form the basis of the main routes into and out of the estate. Extension of Nelson Grove Road from Abbey Road in the east to Morden Road in the west will help provide an east to west link, with clear views along its whole length.</p> <p>b) The position of the historic street of High Path should be retained and the road should allow for improved accessibility from High Path to Nelson Gardens. The street should also respect the setting of St John's the Divine Church.</p> <p>c) Hayward Close, which complements the historic street pattern with its attractive tree-lined character must be retained.</p> <p>d) Increased accessibility for pedestrians and cyclists must be designed into the street network.</p> <p>e) The existing level of vehicular links along Merton High Street must be retained.</p> <p>f) Future extensions of the north-south streets ending at High Path southwards towards to Merantun Way must be a possibility, subject to TfL's support.</p>	<p><b>Please refer to Policies CS14 (d), (e), (f); CS1 g. and h. – see above</b></p>	<p><b>DM D1 Urban Design and the Public Realm</b></p> <p>a) The creation of urban layouts based on a permeable and easily navigable network of recognisable streets and spaces that link in seamlessly with surrounding development and facilitate walking, cycling and use of public transport. (Permeability)</p> <p>b) The creation of urban environments which are easy to understand and navigate through, by provision of legible routes, spaces and landmarks and clearly defined buildings and spaces. (Legibility)</p> <p>e) New development should provide and reinforce a clearly identifiable network of public streets and spaces that constitute the public realm, based on the creation of 'defensible space', and a clear distinction and appropriate gradation between public and private space.</p> <p>f) Proposals for changes to and enhancement of the highway shall be designed according to best practice and, depending on their scale and impact, may be subject to a design review process.</p>	<p>Meeting the design requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p> <p>Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b></p> <p>n/a</p>

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<p><b>EP H4 Land Use</b> Primary use residential; Non-residential uses may be appropriate to support employment, community activities and street vibrancy.</p> <p>Densities should not be solely focused around figures, but must be assessed as a product of a range of relevant design, planning, social, environmental and management factors. Exceeding the current indicated density ranges may be considered appropriate where proposals will create developments of exceptional urban design quality.</p> <p>All new buildings must maximise the number of entrances and windows facing onto the street (active frontages) and for residential uses must provide well defined semi-private space between the front of the building and the street (defensible space) e.g. for landscaping and the storage of bins, etc.</p>	<p><b>Policy CS 14 – Design</b> (c) Protecting the valued and distinctive suburban character of the borough by resisting the development of tall buildings where they will have a detrimental impact on this character. Tall buildings may therefore only be appropriate in the town centres of Colliers Wood, Morden and Wimbledon, where consistent with the tall buildings guidance in the justification supporting sub-area policies, where of exceptional design and architectural quality, where they do not cause harm to the townscape and where they will bring benefits towards regeneration and the public realm. Even with the identified centres, some areas are sensitive to tall buildings.</p>	<p><b>Please refer to DM D2 Design Considerations (i.) – see above</b></p> <p><b>DM E1 Employment Areas in Merton</b> a) Retain existing employment land and floorspace and support proposals for the redevelopment of vacant and underused existing employment land and floorspace for employment use. b) Provide: i. large offices and businesses (B1 [a] Use Class) in town and local centres or in areas with good access to public transport (PTAL 5 and above) and within close proximity to additional services for employees and workers. ii. small offices and businesses (B1 [a] Use Class) throughout the borough.</p>	<p>Re-provision of non-residential uses is a cost that the applicant would need to consider when developing their site. This requirement would be sought to make the planning permission acceptable in planning terms. But the policy is flexible as it allows the applicant to choose providing marketing evidence.</p>	<p><b>Assessment of additional policy burden:</b> We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>
<p><b>EP H5 Open space</b> a) Development proposals must provide public open space to address the identified deficiency in access to Local Open Spaces in accordance with London Plan Policy 7.18 'Protecting Open Space and addressing Deficiency'. b) Suitably designed plays space(s) for all age groups must be provided in accordance with the Mayor of London's 'Play and Informal Recreation' supplementary planning guidance document (2012). c) All new houses must have gardens that meet or exceed current space standards</p>	<p><b>Policy CS 13 Open space, nature conservation, leisure and culture</b> a. Protect and enhance the borough's public and private open space network including Metropolitan Open Land, parks, and other open spaces; b. Improve access to open space and nature conservation by public transport, cycle, mobility vehicles and on foot; c. Expect development to incorporate and maintain appropriate elements of open space, play areas and landscape features such as trees which makes a positive contribution to the wider network of open spaces. Where this is not feasible, planning contributions will be sought to do so;</p>	<p><b>DM O1 Open Space</b> Protects and enhances open space and to improve access to open space.</p> <p><b>DM D2 Design Considerations in all Developments</b> Ensure appropriate provision of outdoor amenity space, whether public, private or communal which accords with appropriate minimum standards and is compatible with the character of surrounding areas</p>	<p>Major schemes are expected to provide new open spaces as part of developments. This policy requirement is subject to viability. Meeting the design requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p> <p>Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p><b>Assessment of additional policy burden:</b> We note that the Core Strategy refers to <i>Providing for Children and Young People's Play and Informal Recreation (2008) SPD</i> while the requirement of the Estates Plan regards 2012 SPD.</p> <p>However, we do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>

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	<p>d. Work with partners to develop and implement proposals for the Wandale Valley Regional Park.</p> <p><b>CS14 Design</b> d. Encouraging well designed housing in the borough: (a) by ensuring that all residential development complies with the most appropriate minimum space standards.</p>			
<p><b>EP H6 Environmental protection</b> a) Retention of the existing mature tree groups and street trees, including the trees fronting Merton High Street east of the junction with Pincott Rd, should help to form the basis of new open spaces, a network of biodiversity enhancing green corridors across the estate, and assist with managing air and noise pollution, slowing rainfall runoff and mitigating the urban heat island effect. b) Applicants must demonstrate how their plans contribute to improving air quality and provide evidence to demonstrate that passive ventilation strategies employed to prevent overheating will not inadvertently expose residents to poor air quality or unacceptable levels of external noise during periods of warm weather. c) New street trees should be planted and maintained, particularly on Pincott Rd and Nelson Grove Road to form the basis of a green corridor network across the estate based on the existing avenue of Hayward Close. All new or altered tree pits should be considered as part of sustainable urban drainage systems. d) The proposed development must aim to reduce post-development runoff rates as close to greenfield rates as reasonably possible.</p>	<p><b>Policy CS 16 Flood Risk Management</b> b. Apply the sequential and exception tests to avoid inappropriate development in relation to flood risk; c. Implement sustainable drainage systems (SUDs) across the borough and work towards effective management of surface water flooding; d. Fully engage in flood risk emergency planning including the pre, during and post phases of flooding event; e. Propose ensure the implementation of measures to mitigate flood risk across the borough that are effective, viable, attractive and enhance the public realm and ensure that any residual risk can be safely managed.</p> <p><b>Policy CS 15 Climate Change</b> All minor and major development, including major refurbishment, will be required to demonstrate the following unless developers can robustly justify why full compliance with the policy requirements is not viable: a. How it makes effective use of resources and materials, minimises water use and CO2 emissions;</p>	<p><b>DM F2 Sustainable Drainage Systems (SuDS)</b> Measures will be sought against the impact of flooding from all sources and surface water run-off through the inclusion, of SuDS, green roofs, rain water harvesting and other innovative technologies.</p> <p>When discharging surface water to the public sewer, developers are required to demonstrate, that the local public sewerage network has capacity to serve the development. If the public sewer does not have capacity, the developer should provide evidence outlining the reasons and demonstrating alternative sustainable approaches to the management of surface water.</p> <p>Developers are required to ensure all designs of gardens and open spaces are done in a way that optimises drainage and reduces runoff.</p> <p><b>DM D2 Design Considerations in all developments</b> Conserve and enhance the natural environment, particularly in relation to biodiversity and wildlife habitats and gardens;</p>	<p>Mitigation measures within schemes could be included as part of any well-planned development and these costs would be included within the normal cost of development. These requirements may be subject to viability. Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p><b>Assessment of additional policy burden:</b> We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>

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<p>e) Development proposals must demonstrate how surface water runoff is being managed as high up the London Plan drainage hierarchy as possible.</p> <p>f) Sustainable Drainage Systems (SuDS) must be part of any major development proposals. Drainage and SuDS should be designed and implemented in ways that deliver other policy objectives, for each of the following benefits:</p> <ul style="list-style-type: none"> <li>• Blends in and enhances amenity, recreation and the public realm</li> <li>• Enhances biodiversity</li> <li>• Improves water quality and efficiency</li> <li>• Manages flood risk</li> </ul> <p>g) The development must be made safe from flooding, without increasing flood risk elsewhere for the lifetime of the development. Potential overland flow paths should be determined and appropriate solutions proposed to minimise the impact of the development, for example by configuring road and building layouts to preserve existing flow paths and improve flood routing, whilst ensuring that flows are not diverted towards other properties elsewhere.</p> <p>h) The feasibility of CHP and district heating must be investigated. As a minimum this should include:</p> <p>(i) An assessment of the secondary heat sources within a 400 metre radius of the site boundary (e.g. river water heat recover from the Wandle; heat extraction from the London Underground).</p> <p>(ii) Evidence to demonstrate ongoing engagement with key stakeholders associated with the potential secondary heat sources such as Transport for</p>	<p>b. How development proposals are making the fullest contribution to minimising carbon dioxide emissions in accordance with the following energy hierarchy:</p> <ol style="list-style-type: none"> <li>1. Be lean: use less energy</li> <li>2. Be clean: supply energy efficiently</li> <li>3. Be green: use renewable energy</li> </ol> <p>c. How it is sited and designed to withstand the long term impacts of climate change, particularly the effect of rising temperatures on mechanical cooling requirements;</p> <p><b>CS13 Open Space</b></p> <p>g. Nature conservation:</p> <ol style="list-style-type: none"> <li>1. Protect and enhance biodiversity through supporting the objectives of the London Biodiversity Action Plans;</li> <li>2. Encourage new green links, green corridors and islands to seek to reduce areas of deficiency in nature conservation and to create safe species movement and havens for nature;</li> </ol> <p><b>CS17 Waste Management</b></p> <p>e. We will increase recycling rates and address waste as a resource, looking to disposal as the last option in line with the waste hierarchy. To support recycling, the council will require integrated, well-designed waste storage facilities that will include recycling facilities for all new developments where appropriate.</p>			

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<p>London and the Environment Agency feasibility.</p> <p>(iii) Consideration of air quality issues should include an investigation in to the potential benefits that a district heat network could deliver to the wider area through the connection to existing buildings or development sites outside of the high path regeneration.</p> <p>(iv) Energy strategies should clearly demonstrate that development delivers energy efficiency improvements at each level of the Mayors Energy Hierarchy when compared to the existing buildings on the estate. Outlining how improvements have been achieved according to the hierarchy of; improved building fabric, increasing the efficiency of supply and renewable energy generation, and how this compares to existing development on the sites.</p> <p>(v) When preparing development proposals in accordance with Policy 5.3 of the London Plan, proposals should include suitable comparisons between existing and proposed developments in order to fully demonstrate the expected improvements. All new developments proposals should consider the following sustainable design and construction principles: avoidance of internal overheating; efficient use of natural resources (including water); minimising pollution; minimising waste; protection of biodiversity and green infrastructure and sustainable procurement of materials.</p> <p>i) Technological improvements in battery storage have started to provide a potential energy storage solution suitable for use in connection to domestic solar PV systems. The use of on-site storage offers a potential technological solution that would increase on-site renewable energy</p>				

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<p>consumption, reduce utility costs and provide in-situ demand side management. Battery storage can therefore be considered to sit within the 'be lean' or middle level of the mayors energy hierarchy. Domestic PV installations should therefore not be considered without exploring the potential for on-site energy storage. Carbon savings from the incorporation of appropriately sized battery storage can be calculated by assuming that distribution losses from battery connected solar PV systems are zero.</p> <p>k) Development proposals must be accompanied by a working method statement and construction logistics plan.</p> <p>k) Development proposals should apply the waste hierarchy where waste is minimised, re-used and recycled, and residual waste is disposed of sustainably in the right location using the most appropriate means.</p>				
<p><b>EP H7 Landscape Required</b></p> <p>a) Regarding the following specific tree groups:</p> <p>i) The existing mature tree group fronting Merton High Street east of the junction with Pincott Road must be retained. The isolated trees to the west of Pincott Road must be retained and augmented with new planting. This is in order to retain and enhance the trees as a key linear landscape asset and to mitigate against local traffic pollution.</p> <p>ii) The mature trees along Hayward Close must be retained and augmented with new tree planting along the whole length of the street. This is in order to strengthen the attractive 'avenue' character of this street.</p>	<p><b>Policy CS 13 Open space, nature conservation, leisure and culture</b></p> <p>c. Expect development to incorporate and maintain appropriate elements of open space, play areas and landscape features such as trees which makes a positive contribution to the wider network of open spaces. Where this is not feasible, planning contributions will be sought to do so;</p> <p>g. Nature Conservation:</p> <ol style="list-style-type: none"> <li>1. Protect and enhance biodiversity through supporting the objectives of the London Biodiversity Action Plans;</li> <li>2. Encourage new green links, green corridors and islands to seek to reduce areas of deficiency in nature conservation</li> </ol>	<p><b>DM D2 Design Considerations in all Developments.</b></p> <p>(a) viii. Conserve and enhance the natural environment, particularly in relation to biodiversity and wildlife habitats and gardens;</p> <p>ix. Ensure trees and other landscape features are protected;</p> <p>x. Ensure that landscaping forms an integral part of any new development where appropriate;</p> <p><b>DM O2 Nature Conservation, Trees, hedges and landscape Features</b></p> <p>b) A development proposal will be expected to retain, and where possible enhance, hedges, trees and other landscape features of amenity value.</p>	<p>Meeting the design requirements and retaining amenity features would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p> <p>Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b></p> <p>n/a</p>

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<p>iii) The mature trees in the vicinity of the playground within the 'Priory Close' block must be retained.</p> <p>iv) The line of mature trees in the car park between the 'Ryder House' and 'Hudson Court' blocks must be retained.</p> <p>v) The mature trees in the playground to the north of the 'Marsh Court' block.</p> <p>vi) the mature trees to the west and south of the 'Merton Place' block, and to the north of the 'DeBurgh House' block must be retained.</p> <p>b) Landscaping must be a key feature in the provision of private space fronting houses and blocks of flats (defensible space). Frontages must be designed to incorporate, where feasible, soft landscaping, appropriate planting and permeable surfaces.</p> <p>c) Street trees must be located to enable the creation of well defined on-street parking spaces. This will soften the visual impact of vehicles and enhance the appearance of the street.</p> <p>d) Landscaping in the public open spaces and communal gardens must be of the highest quality, accessible and meet the needs of the residents by complying with the relevant policy requirements.</p>	<p>and to create safe species movement and havens for nature;</p> <p>3. Refuse development that has a significant adverse effect on the population or conservation status of protected or priority species and priority habitats;</p> <p>4. Require any development proposals likely to affect a Site of Special Scientific Interest, Metropolitan, Borough or Local Sites of Importance for Nature Conservation and Local Nature Reserve, as shown on the Proposals Map, to demonstrate that such development will not adversely affect the nature conservation values of the site;</p> <p>5. Protect street trees and use Tree Preservation Orders to safeguard significant trees;</p> <p>8. Require, where appropriate, development to integrate new or enhanced habitat or design and landscaping which encourages biodiversity and where possible avoid causing ecological damage. Developers must propose full mitigation and compensation measures for any ecological damage that is caused.</p>	<p>c) Development will only be permitted if it will not damage or destroy any tree which:</p> <p>i. is protected by a tree preservation order;</p> <p>ii. is within a conservation area; or,</p> <p>iii. has significant amenity value.</p> <p>d) However, development may be permitted when:</p> <p>i. the removal of the tree is necessary in the interest of good arboricultural practice; or,</p> <p>ii. the benefits of the development outweighs the tree's amenity value.</p> <p>e) In granting permission for a proposal that leads to the loss of a tree, hedge or landscape feature of amenity value, replacement planting or landscape enhancement of a similar or greater value to that which has been lost, will be secured through the use of conditions or planning obligations.</p> <p>f) Proposals for new and replacement trees, hedges and landscape features should consist of appropriate native species to the UK.</p>		
<p><b>EP H8 Building heights</b></p> <p>a) General building height: The existing estate suffers from a mix of discordant characters, due to the wide variety in heights, styles and siting of the buildings. Redevelopment of the estate must create a consistent character that fits in harmoniously with the surrounding development.</p> <p>A consistency in building heights is important in achieving this. The prevailing height across the estate must be lower than the heights along Morden</p>	<p><b>Policy CS 14 – Design</b></p> <p>(c) Protecting the valued and distinctive suburban character of the borough by resisting the development of tall buildings where they will have a detrimental impact on this character. Tall buildings may therefore only be appropriate in the town centres of Colliers Wood, Morden and Wimbledon, where consistent with the tall buildings guidance in the justification supporting sub-area policies, where of exceptional design and architectural</p>	<p><b>DM D2 Design Considerations</b></p> <p>i. Relate positively and appropriately to the siting, rhythm, scale, density, proportions, height, materials and massing of surrounding buildings and existing street patterns, urban layout and landscape features of the surrounding area.</p>	n/a	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b></p> <p>n/a.</p>

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<p>Road and Merantun Way, but marginally higher than heights in the more sensitive areas of High Path, Abbey Road, Rodney Place and Merton High Street. Building heights must be based on a comprehensive townscape appraisal and visual assessment which builds on the analysis included in this document. Any strategy for building heights must make a positive contribution to the existing townscape, character and local distinctiveness of the area. Taller buildings may be considered appropriate to facilitate intensified use of the site. Such buildings must be located in appropriately and relate well to the surrounding context and public realm, particularly at street level.</p> <p>b) Merton High Street: Buildings fronting Merton High Street must be of a scale that relates well to the building heights on the north side. They must not result in a lop-sided feel to the street or create unacceptable shadowing or blocking of sunlight. They must contribute to 'mending' the high street and stitching the estate seamlessly back into the existing urban fabric.</p> <p>c) Morden Road: Land around the Tube station and Morden Road is part of the focus of activity and uses in the local area. The street is quite wide and taller buildings are beginning to be built along Morden Road. This is the most suitable location on the estate for the tallest buildings and cues must be taken from emerging buildings to guide what is appropriate. Along Morden Road a consistent height must be sought, which is complementary to creating a boulevard feel to the street.</p> <p>Site specific policies</p>	<p>quality, where they do not cause harm to the townscape and where they will bring benefits towards regeneration and the public realm. Even with the identified centres, some areas are sensitive to tall buildings.</p>			



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<p>d) Abbey Road: Buildings on the west side of Abbey Road must relate well to the existing housing on the east side and newer flats on the west side. Building heights should help create a consistent feel to the street, integrate well visually with the existing housing and not create a lopsided feel to the street. It is likely these will be lower in height than the buildings in the main part of the site.</p> <p>e) High Path: High Path currently lacks a sense of enclosure as the buildings along it do not address the street. New development should rectify this. There is scope to reinforce the narrow enclosure and intimate feel of this street particularly from Morden Road to Pincott Road. Building heights along High Path must reflect its historic character as a narrow historic street and ensure that it sensitively takes account of the setting of St John the Divine Church.</p> <p>f) Merantun Way: Land outside the estate boundary fronting Merantun Way is suitable for taller buildings to promote the transformation of this road into a boulevard street. Appropriate heights here will depend on the dimensions of a redesigned street and the possibility of urbanised development on the south side of the road. Heights similar to those appropriate for Morden Road are likely to be appropriate here.</p> <p>g) Station Road, Abbey Road &amp; Merantun Way: Where Station Road, Abbey Road and Merantun Way meet is a sensitive area as there are likely to be awkward shaped sites. The close proximity of Rodney Place and Merantun Way create a need to respect existing low-rise development as well as retaining the most of the potential for taller</p>				

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buildings fronting Merantun Way. Building heights in this area must particularly respect, and be sensitive to, these constraints and opportunities.				

# Appendix C: Viability implications of Draft Merton Estates Local Plan policies - Ravensbury

BBP Regeneration undertook a review of the potential impact of the emerging policies on development viability, by comparing their impact to the existing planning policy framework, and the previous viability assessment of the impact of these.

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<p><b>EP R1 Townscape</b></p> <p>a) Proposals will be expected to provide widening and landscape improvements into the Ravensbury Park entrance adjacent to Ravensbury Mill and clearer views into the park from Morden Road.</p> <p>b) The corner of the estate adjacent to Ravensbury Park will be expected to make an architectural statement which sensitively addresses the park entrance, river and mill buildings.</p> <p>c) Proposals will be expected to reinforce the corner of the estate opposite the Surrey Arms Public House as a space and a place. Proposals should have a sensitive relationship to the pub particularly in terms of massing and height.</p> <p>d) The setting around the entrance to Ravensbury Park must be improved and enhanced. The architecture and design of buildings should draw upon the surrounding good quality townscape such as Ravensbury Mill, The Surrey Arms and White Cottage.</p> <p>e) Proposals must show how they utilise local history as a point of reference in the development of the scheme, for example drawing on the sites past</p>	<p><b>Policy CS 14 Design</b></p> <p>(d) iii. not result in an adverse impact on the suburban characteristics of the streetscape.</p> <p>(e) Requiring the development and improvement of the public realm to be accessible, inclusive and safe, simplified in design and unified by Merton's green character to create an environment of real quality.</p> <p>(f) Using objectives, proposals and policies within national, regional and local policy, including local guidance or evidence such as design guides, character appraisals and management plans to shape new built form and enhance the overall design quality of the borough.</p> <p><b>Policy CS 13</b>  <b>Open space, nature conservation, leisure and culture</b></p> <p>a. Protect and enhance the borough's public and private open space network including Metropolitan Open Land, parks, and other open spaces;</p>	<p><b>DM D2 Design Considerations</b></p> <p>i. Relate positively and appropriately to the siting, rhythm, scale, density, proportions, height, materials and massing of surrounding buildings and existing street patterns, urban layout and landscape features of the surrounding area;</p> <p>ii. Use appropriate architectural forms, language, detailing and materials which complement and enhance the character of the wider setting;</p> <p>iv. Ensure appropriate provision of outdoor amenity space, whether public, private or communal which accords with appropriate minimum standards and is compatible with the character of surrounding areas;</p> <p><b>DM D1 Urban Design and the Public Realm</b></p> <p>d) The maintenance and enhancement of identified important local views, panoramas and prospects and their settings and where appropriate, create new views.</p>	<p>Meeting the design requirements and retaining amenity features would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p>	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b></p> <p>n/a</p>

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associations with industrial water mills and the estate of Ravensbury Manor.	b. Improve access to open space and nature conservation by public transport, cycle, mobility vehicles and on foot	g) Development in town centres and other retail and mixed use areas must interact positively with the public realm by the creation of active and attractive frontages that promote natural surveillance and not create dead frontage through lack of windows or provision of advertising		
<p><b>EP R2 Street network</b></p> <p>a) The historic street of Ravensbury Grove must be retained as the main route into and out of the estate and the basis of an internal network of streets.</p> <p>b) Ravensbury Grove must be extended fully to the boundary of the Ravensbury Park providing clear views along its whole length into the park.</p> <p>c) Hengelo Gardens must be retained and enhanced, particularly with respect to arrangement of car parking, general landscaping and the potential for flood attenuation measures.</p> <p>d) New proposals must include a network of streets that provide clear connections from Ravensbury Grove to Morden Road and views to Ravensbury Park</p>	Please refer to Policies CS14 Design (d), (e), (f) – see above	<p><b>DM D1 Urban Design and the Public Realm</b></p> <p>a) The creation of urban layouts based on a permeable and easily navigable network of recognisable streets and spaces that link in seamlessly with surrounding development and facilitate walking, cycling and use of public transport. (Permeability)</p> <p>b) The creation of urban environments which are easy to understand and navigate through, by provision of legible routes, spaces and landmarks and clearly defined buildings and spaces. (Legibility)</p> <p>e) New development should provide and reinforce a clearly identifiable network of public streets and spaces that constitute the public realm, based on the creation of 'defensible space', and a clear distinction and appropriate gradation between public and private space.</p> <p>f) Proposals for changes to and enhancement of the highway shall be designed according to best practice and, depending on their scale and impact, may be subject to a design review process.</p>	<p>Meeting the design requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p> <p>Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b></p> <p>n/a</p>
<p><b>EP R3 Movement and access</b></p> <p>a) Proposals must improve pedestrian routes across the estate and to nearby parks, bus and tram stops. Routes</p>	Please refer to CS 14 Design (e), (f) – see above.	Please refer to DM D1 Urban Design and the Public Realm a), b), e); - see above	Meeting transport requirements would usually be expected as part of any well-planned development and these costs would be included within the	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any</p>

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<p>should be linked into the proposed/ existing street network along active frontages or existing walking routes, which should be well surveyed. Entrances into the park must be carefully designed and located to ensure accessibility into the park without undermining safety and biodiversity.</p> <p>b) The relocation of the crossing point from Morden Hall Park to the estate to a position which allows for a direct link to the park and a new pedestrian and cycle route along Morden Road will be expected to be investigated. Proposals should create a clear legible route from Morden Hall Park to the entrance of Ravensbury Park.</p> <p>c) Improvements to cycle links along Morden Road will be expected to be investigated in order to create stronger links between Morden Hall Park and Ravensbury Park. Proposals should investigate the creation of a segregated cycle way along Morden Road which feeds into Ravensbury Park from Morden Hall Park. Additions to the cycle network should be integrated into wider cycle network.</p> <p>d) The main route for vehicles into the estate is Ravensbury Grove. There is also scope to retain the existing slip road access off Morden Road as a secondary entrance into the site should this be required. Any new East-West links from the estate onto Morden Road must be clear and designed as traditional streets, irrespective of whether they are for vehicular use</p>		<p><b>DM T5 Consideration of the Connections and Access to the Road Network</b></p> <p>a) Minimise impacts on the movement of people or goods, be appropriately located and connected to the road hierarchy. Contribute to building strong local communities through the delivery of a quality inclusive environment and public places in accordance with the Department of Transport's Manual for Streets 1 &amp; 2, with emphases on delivering sustainable places.</p>	<p>normal cost of development. Subject to outcomes of the Travel Plan, for instance or other required transport documents, additional measures required to mitigate against the impact of the development will be secured through S106 obligations, conditions and other legal agreements. Costs towards S106 and S278 have been included in Merton's viability appraisals.</p>	<p>significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>
<p><b>EP R4 Land use</b></p> <p>a) The predominant use retained as residential with the re-provision of the existing community room.</p>	<p><b>Policy CS 13 Open space, nature conservation, leisure and culture</b></p>	<p><b>Please refer to DM D2 Design Considerations (i.) – See above</b></p> <p><b>DM C1 Community facilities</b></p>	<p>Evidence required to justify the loss of accommodation, including marketing evidence, would fall under professional fees which are included</p>	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any</p>

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<p>b) Densities outputs should not be solely focused around figures, but must be assessed as a product of a range of relevant design, planning, social, environmental and management factors. Exceeding the current indicated density ranges may be considered appropriate where proposals will create developments of exceptional urban design quality.</p>	<p>Based on assessment of need and capacity, opportunities in culture, sport, recreation and play will be promoted by:</p> <ol style="list-style-type: none"> <li>1. Safeguarding the existing viable cultural, leisure, recreational and sporting facilities and supporting proposals for new and improved facilities;</li> <li>2. Refurbishing and replacing culture, sport, recreation and play facilities in our parks and open spaces</li> </ol>	<p>b) Any redevelopment proposals resulting in a net loss of existing community facilities will need to demonstrate that:</p> <ol style="list-style-type: none"> <li>i. the loss would not create, or add to, a shortfall in provision for the specific community uses; and</li> <li>ii. that there is no viable demand for any other community uses on the site.</li> </ol>	<p>within the normal cost of development and thus would be included in viability appraisals. The aim to protect community facilities for which there is need aims to keep land values low for a reasonable time period otherwise they would revert to higher land use values such as residential uses, complies with the National Planning Policy Framework.</p>	<p>significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>
<p><b>EP R5 Open Space</b></p> <p>a) The area of designated open space at the boundary with Ravensbury Park must be re-provided in terms of quantity and quality to a suitable location within the estate, with high quality landscaping and recreational uses.</p> <p>b) Proposals must retain and enhance the existing communal gardens on Hengelo Gardens and Ravensbury Grove. New landscaping should connect to, and complement these existing spaces.</p> <p>c) Suitably designed play space(s) for all age groups must be provided in accordance with the Mayor of London's 'Play and Informal Recreation' supplementary planning guidance document (2012).</p> <p>d) All new houses and flats must have gardens or amenity space that meet or exceed current space standards.</p>	<p><b>Policy CS 13 Open space, nature conservation, leisure and culture</b></p> <p>a. Protect and enhance the borough's public and private open space network including Metropolitan Open Land, parks, and other open spaces;</p> <p>b. Improve access to open space and nature conservation by public transport, cycle, mobility vehicles and on foot;</p> <p>c. Expect development to incorporate and maintain appropriate elements of open space, play areas and landscape features such as trees which makes a positive contribution to the wider network of open spaces. Where this is not feasible, planning contributions will be sought to do so;</p> <p>d. Work with partners to develop and implement proposals for the Wandle Valley Regional Park.</p> <p><b>CS14 Design</b></p> <p>d. Encouraging well designed housing in the borough:</p> <p>(a) by ensuring that all residential development complies with the most appropriate minimum space standards.</p>	<p><b>Policy DM O1 Open Space</b> Protects and enhances open space and to improve access to open space.</p> <p><b>DM D2 Design Considerations in all Developments</b> Ensure appropriate provision of outdoor amenity space, whether public, private or communal which accords with appropriate minimum standards and is compatible with the character of surrounding areas</p>	<p>Major schemes are expected to provide new open spaces as part of developments. This policy requirement is subject to viability. Meeting the design requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p> <p>Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p><b>Assessment of additional policy burden:</b> We note that the Core Strategy refers to <i>Providing for Children and Young People's Play and Informal Recreation (2008) SPD</i> while the requirement of the Estates Plan regards 2012 SPD.</p> <p>However, we do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>
<p><b>EP R6 Environmental Protection</b></p>	<p><b>Policy CS 16 Flood Risk Management</b></p>	<p><b>DM F2: Sustainable Drainage Systems (SuDS)</b></p>	<p>Mitigation measures within schemes could be included as part of any well-</p>	<p><b>Assessment of additional policy burden:</b></p>

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<p>a) As the estate is in close proximity to the River Wandle and modelled as at risk of fluvial flooding, development proposals will need to include appropriate flood mitigation measures for the site in accordance with national, regional and local planning policies, to ensure the development is safe and does not increase the risk of flooding elsewhere.</p> <p>b) The proposed development must aim to reduce post-development runoff rates as close to greenfield rates as reasonably possible.</p> <p>c) Development proposals must demonstrate how surface water runoff is being managed as high up the London Plan drainage hierarchy as possible.</p> <p>d) Sustainable Drainage Systems (SuDS) must be part of any major development proposals. Drainage and SuDS should be designed and implemented in ways that deliver other policy objectives for each of the following benefits:</p> <ul style="list-style-type: none"> <li>• Blends in and enhances amenity, recreation and the public realm</li> <li>• Enhances biodiversity</li> <li>• Improves water quality and efficiency</li> <li>• Manages flood risk</li> </ul> <p>e) The development must be made safe from flooding, without increasing flood risk elsewhere for the lifetime of the development. Potential overland flow paths should be determined and appropriate solutions proposed to minimise the impact of the development, for example by configuring road and building layouts to preserve existing flow paths and improve flood routing, whilst</p>	<p>b. Apply the sequential and exception tests to avoid inappropriate development in relation to flood risk;</p> <p>c. Implement sustainable drainage systems (SUDs) across the borough and work towards effective management of surface water flooding;</p> <p>d. Fully engage in flood risk emergency planning including the pre, during and post phases of flooding event;</p> <p>e. Propose ensure the implementation of measures to mitigate flood risk across the borough that are effective, viable, attractive and enhance the public realm and ensure that any residual risk can be safely managed.</p> <p><b>Policy CS 15 Climate Change</b> All minor and major development, including major refurbishment, will be required to demonstrate the following unless developers can robustly justify why full compliance with the policy requirements is not viable:</p> <p>a. How it makes effective use of resources and materials, minimises water use and CO2 emissions;</p> <p>b. How development proposals are making the fullest contribution to minimising carbon dioxide emissions in accordance with the following energy hierarchy:</p> <ol style="list-style-type: none"> <li>1. Be lean: use less energy</li> <li>2. Be clean: supply energy efficiently</li> <li>3. Be green: use renewable energy</li> </ol> <p>c. How it is sited and designed to withstand the long term impacts of climate change, particularly the effect of rising temperatures on mechanical cooling requirements;</p> <p><b>CS13 Open Space</b> g. Nature conservation:</p>	<p>Measures will be sought against the impact of flooding from all sources and surface water run-off through the inclusion, of SuDS, green roofs, rain water harvesting and other innovative technologies.</p> <p>When discharging surface water to the public sewer, developers are required to demonstrate, that the local public sewerage network has capacity to serve the development. If the public sewer does not have capacity, the developer should provide evidence outlining the reasons and demonstrating alternative sustainable approaches to the management of surface water.</p> <p>Developers are required to ensure all designs of gardens and open spaces are done in a way that optimises drainage and reduces runoff.</p> <p><b>DM D2 Design Considerations in all developments</b> Conserve and enhance the natural environment, particularly in relation to biodiversity and wildlife habitats and gardens;</p>	<p>planned development and these costs would be included within the normal cost of development. These requirements may be subject to viability. Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p>We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b> n/a</p>

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<p>ensuring that flows are not diverted towards other properties elsewhere.</p> <p>g) Proposals should seek to create mini corridors which enhance biodiversity of the estate and create a link between the estate and the surrounding parkland and river corridor habitats.</p> <p>h) Development should not encroach on the river bank buffer zone, which should be managed for the enhancement of biodiversity along the river corridor and to allow maintenance access to the watercourse, where required.</p> <p>i) New development must ensure the preservation, protection and enhancement of protected species and habits within the adjacent Ravensbury Park and should demonstrate that the proposals would result in net biodiversity gains.</p> <p>j) Energy strategies should clearly demonstrate that development delivers energy efficiency improvements at each level of the Mayors Energy Hierarchy when compared to the existing buildings on the estate. Outlining how improvements have been achieved according to the hierarchy of; improved building fabric, increasing the efficiency of supply and renewable energy generation, and how this compares to existing development on the sites.</p> <p>k) When preparing development proposals in accordance with Policy 5.3 of the London Plan, proposals should include suitable comparisons between existing and proposed developments in order to fully demonstrate the expected improvements. All new developments proposals should consider the following sustainable design and construction principles: avoidance of internal overheating; efficient use of natural resources (including water); minimising</p>	<p>1. Protect and enhance biodiversity through supporting the objectives of the London Biodiversity Action Plans;</p> <p>2. Encourage new green links, green corridors and islands to seek to reduce areas of deficiency in nature conservation and to create safe species movement and havens for nature;</p> <p><b>CS17 Waste Management</b></p> <p>e. We will increase recycling rates and address waste as a resource, looking to disposal as the last option in line with the waste hierarchy. To support recycling, the council will require integrated, well-designed waste storage facilities that will include recycling facilities for all new developments where appropriate.</p>			



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<p>pollution; minimising waste; protection of biodiversity and green infrastructure and sustainable procurement of materials.</p> <p>l) Technological improvements in battery storage have started to provide a potential energy storage solution suitable for use in connection to domestic solar PV systems. The use of on-site storage offers a potential technological solution that would increase on-site renewable energy consumption, reduce utility costs and provide in-situ demand side management. Carbon savings from the incorporation of appropriately sized battery storage can be calculated by assuming that distribution losses from battery connected solar PV systems are zero.</p> <p>m) Applicants must demonstrate how their plans contribute to improving air quality and provide evidence to demonstrate that passive ventilation strategies employed to prevent overheating will not inadvertently expose residents to poor air quality or unacceptable levels of external noise.</p> <p>n) Development proposals must be accompanied by a working method statement and construction logistics plan.</p> <p>o) Development proposals should apply the waste hierarchy where waste is minimised, re-used and recycled, and residual waste is disposed of sustainably in the right location using the most appropriate means</p>				
<p><b>EP R7 Landscape</b></p> <p>a) Landscaping must be a prominent feature within the public realm and create strong links to the surrounding parkland context. Landscaping</p>	<p><b>Policy CS 13 Open space, nature conservation, leisure and culture</b></p> <p>c. Expect development to incorporate and maintain appropriate elements of open space, play areas and landscape features such as trees which makes a positive</p>	<p><b>DM D1 Urban Design and the Public Realm</b></p> <p>d) The maintenance and enhancement of identified important local views, panoramas and prospects and their</p>	<p>Meeting the design requirements and retaining amenity features would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p>	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p>

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<p>treatments should emphasize green links and the river crossing.</p> <p>b) The estate currently has groups of established mature trees to the north, along Morden Road, on Ravensbury Grove and Hengelo Gardens. These trees must be retained and be used to inform the design of landscape arrangements, for example to provide cues for the location of focal points.</p> <p>c) Street tree planting and landscaping must be incorporated into streets whilst integrating with existing open space functionality, biodiversity enhancements and flood mitigation measures.</p> <p>d) Along Morden Road tree planting must be extended to wrap around the perimeter of the estate following the curvature of the road. Tree species should be specified to mitigate against pollution and noise.</p> <p>e) The significant widening and enhancement of the entrance to Ravensbury Park from Morden Road, will be expected to be an integral part of any development proposals for the site</p>	<p>contribution to the wider network of open spaces. Where this is not feasible, planning contributions will be sought to do so;</p> <p>g. Nature Conservation:</p> <ol style="list-style-type: none"> <li>1. Protect and enhance biodiversity through supporting the objectives of the London Biodiversity Action Plans;</li> <li>2. Encourage new green links, green corridors and islands to seek to reduce areas of deficiency in nature conservation and to create safe species movement and havens for nature;</li> <li>3. Refuse development that has a significant adverse effect on the population or conservation status of protected or priority species and priority habitats;</li> <li>4. Require any development proposals likely to affect a Site of Special Scientific Interest, Metropolitan, Borough or Local Sites of Importance for Nature Conservation and Local Nature Reserve, as shown on the Proposals Map, to demonstrate that such development will not adversely affect the nature conservation values of the site;</li> <li>5. Protect street trees and use Tree Preservation Orders to safeguard significant trees;</li> <li>8. Require, where appropriate, development to integrate new or enhanced habitat or design and landscaping which encourages biodiversity and where possible avoid causing ecological damage. Developers must propose full mitigation and compensation measures for any ecological damage that is caused.</li> </ol>	<p>settings and where appropriate, create new views.</p> <p><b>DM D2 Design Considerations in all Developments.</b></p> <ol style="list-style-type: none"> <li>(a) viii. Conserve and enhance the natural environment, particularly in relation to biodiversity and wildlife habitats and gardens;</li> <li>ix. Ensure trees and other landscape features are protected;</li> <li>x. Ensure that landscaping forms an integral part of any new development where appropriate;</li> </ol> <p><b>DM O2 Nature Conservation, Trees, hedges and landscape Features</b></p> <ol style="list-style-type: none"> <li>b) A development proposal will be expected to retain, and where possible enhance, hedges, trees and other landscape features of amenity value.</li> <li>c) Development will only be permitted if it will not damage or destroy any tree which: <ol style="list-style-type: none"> <li>i. is protected by a tree preservation order;</li> <li>ii. is within a conservation area; or,</li> <li>iii. has significant amenity value.</li> </ol> </li> <li>d) However, development may be permitted when: <ol style="list-style-type: none"> <li>i. the removal of the tree is necessary in the interest of good arboricultural practice; or,</li> <li>ii. the benefits of the development outweighs the tree's amenity value.</li> </ol> </li> <li>e) In granting permission for a proposal that leads to the loss of a tree, hedge or landscape feature of amenity value, replacement planting or landscape enhancement of a similar or greater value to that which has been lost, will be secured through the use of conditions or planning obligations.</li> </ol>	<p>Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement.</p>	<p><b>Viability impact of additional policy burden:</b> n/a</p>

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		f) Proposals for new and replacement trees, hedges and landscape features should consist of appropriate native species to the UK.		
<p><b>EP R8 Building Heights</b></p> <p>a) General building height: Whilst there is a need to increase density, to do so too much would undermine the dominant landscape character of the area. Buildings heights must not compete with established mature trees which envelop the estate. Relatively open views from within the estate to the surrounding tree canopy are a defining characteristic of the estate and should generally be retained. To ensure this, taller buildings must be located around the edge of the estate and not extend higher than the existing Ravensbury Court flats. Building heights must be based on a comprehensive townscape appraisal and visual assessment which builds on the analysis included in this document. Any strategy for building heights should make a positive contribution to the existing townscape, character and local distinctiveness of the area.</p> <p>b) Core of the estate: Within the estate, building heights must generally be lower than other parts of the estate around its edge. Heights should allow views to the surrounding established trees.</p> <p>c) Morden Road: Buildings along Morden Road must relate to the surrounding established tree canopy but not adversely affect views of it from the centre of the estate. Buildings here can be higher than the middle of the estate.</p> <p>d) Ravensbury Grove: Building heights along Ravensbury Grove must relate to the character and scale of existing</p>	<p><b>Policy CS 14 Design</b></p> <p>(c) Protecting the valued and distinctive suburban character of the borough by resisting the development of tall buildings where they will have a detrimental impact on this character. Tall buildings may therefore only be appropriate in the town centres of Colliers Wood, Morden and Wimbledon, where consistent with the tall buildings guidance in the justification supporting sub-area policies, where of exceptional design and architectural quality, where they do not cause harm to the townscape and where they will bring benefits towards regeneration and the public realm. Even with the identified centres, some areas are sensitive to tall buildings.</p>	<p><b>DM D1 Design Considerations</b></p> <p>i. Relate positively and appropriately to the siting, rhythm, scale, density, proportions, height, materials and massing of surrounding buildings and existing street patterns, urban layout and landscape features of the surrounding area.</p>	n/a	<p><b>Assessment of additional policy burden:</b></p> <p>We do not believe that the Estates Local Plan policy results in any significant burden beyond the existing policy requirements.</p> <p><b>Viability impact of additional policy burden:</b></p> <p>n/a</p>

Summary of Merton Estates Local Plan policy	Summary of relevant Core Strategy policy	Summary of relevant Sites and Policies DPD policy	Summary of cost consideration from Merton Council (2013) Sites & Policies Plan and Policies Map - Viability Assessment	Anticipated viability impact of Estates Local Plan policy
<p>buildings such as Ravensbury Court and the established trees.</p> <p>e) Ravensbury Garages: Building heights in the vicinity of Ravensbury garages must relate to the surrounding established tree canopy and to the scale of adjacent existing buildings.</p>				

# Appendix D: Key assumptions and data sources used in viability assessment

The following key assumptions and data sources were used in our viability assessment. These are based upon assumptions made in the document 'Community Infrastructure Levy in London Borough of Merton: Viability Study' prepared by BNP Paribas in 2012, unless otherwise stated.

Some site-specific assumptions and data sources are also set out in the methodological discussion in the 'High level financial viability modelling' section of this report.

<b>Development scheme</b>	
Site area / layout plan	No layout plans have been prepared; development mix assumptions have been applied to notional 'one-hectare tiles'.
Unit mix, floorspace calculations – New build	<p><b>Houses (50 dph)</b></p> <ul style="list-style-type: none"> <li>• 50% 2-bed house (85 sq m)</li> <li>• 38% 3-bed house (105 sq m)</li> <li>• 12% 4-bed house (130 sq m)</li> </ul> <p><b>Flats and houses (75 dph)</b></p> <ul style="list-style-type: none"> <li>• 15% 1-bed flat (50 sq m)</li> <li>• 23% 2-bed flat (70 sq m)</li> <li>• 13% 2-bed house (85 sq m)</li> <li>• 37% 3-bed house (105 sq m)</li> <li>• 12% 4-bed house (130 sq m)</li> </ul> <p><b>Flats – high density (200 dph)</b></p> <ul style="list-style-type: none"> <li>• 40% 1-bed flat (50 sq m)</li> <li>• 60% 2-bed flat (70 sq m)</li> </ul>
Circulation space for flats	<p><b>Existing viability evidence base:</b></p> <p>Flats and houses (75 dph) - 85.0% net to gross            Flats – high density (200 dph) - 77.5% net to gross</p> <p><b>BBP assumption:</b></p> <p>Eastfields – 83.1%            High Path – 77.5%            Ravensbury – 85.0%</p>
Parking provision	No explicit costs or values reflected in BBP model
<b>Capital values</b>	
Private housing	<p><b>Existing viability evidence base (blend of new build and secondhand):</b></p> <p>Colliers Wood (would include High Path) - £4,900 / sq m (£455 / sq ft)            Mitcham and Mitcham Common (would include Eastfields and Ravensbury) - £3,509 / sq m (£326 / sq ft)</p>

	<p><b>UPDATED to March 2017, based on BBP analysis, including regeneration uplift of 10.3% (mid-point of +4.0% per annum over five years):</b>  Eastfields – £5,883 / sq m (£547 / sq ft)  High Path – £9,546 / sq m (£887 / sq ft)  Ravensbury – £6,226 / sq m (£579 / sq ft)</p>
Non-residential	We note that Estates Local Plan policies require the re-provision of non-residential space, and that some uses may have an adverse impact on viability. However, due to the high level nature of this viability assessment, no explicit costs or values have been reflected in the BBP model.
<b>Construction costs</b>	
Base build costs	<p><b>Existing viability evidence base:</b>  Quotes BCIS Average Prices for Merton, 2Q2012 using the mean average...</p> <p>£1,387 / sq m for flats (Flats – 6+ storeys)  £1,040 / sq m for flats (Flats - Generally)  £877 / sq m for houses (Estate housing – Generally)</p> <p><b>UPDATED based on data as at 4 March 2017:</b>  £2,005 / sq m for flats (Flats – 6+ storeys)  £1,555 / sq m for flats (Flats - Generally)  £1,303 / sq m for houses (Estate housing – Generally)</p>
Local site works	15% of base build cost
Abnormal costs	No explicit allowances; assume reflected in threshold land value
Professional fees	10.0% of build costs
Contingency	5.0% on build costs
<b>Development and transaction costs</b>	
Land acquisition fees	<p><b>Existing viability evidence base:</b>  1.8% acquisition agent / legal fees</p> <p><b>BBP assumption:</b>  0.0% acquisition agent / legal fees, as sites already in developer ownership</p>
NHBC site and plot registration fees, statutory / planning application fees	Included in professional fees
Residential disposal	Sales agents 3.0% of market value for all units £600 / unit legal fees
Commercial marketing / letting fees	n/a
<b>Profit, finance and taxation</b>	
Developer Profit on disposals	<b>Existing viability evidence base:</b> 20% of GDV on private units; 6% of GDV on affordable units

	<b>BBP assumption:</b> 20% of GDV on private units; 0% of GDV on replacement units
Finance	7% of outstanding balances per annum
Development period for finance	<b>Existing viability evidence base:</b> Sales rate of four per month  <b>BBP assumption:</b> Eastfields – 2.0 years, 17.5% exposure High Path – 2.5 years, 15.0% exposure Ravensbury – 1.0 years, 20.0% exposure
VAT	Assumed to be zero rated due to new build development activity
Other taxes	No other taxes or reliefs (e.g. income, capital gains, capital allowances) were modelled.
<b>Growth and inflation</b>	
House price growth	None beyond 1Q2017 in BBP model
Construction costs	None beyond 1Q2017 in BBP model
Project costs	None beyond 1Q2017 in BBP model
<b>Mitigation</b>	
Planning policy requirements	<b>Existing viability evidence base:</b>  Code for Sustainable Homes: An additional 6% on top of build costs is allowed across development to meet Code Level 4; 25% to meet Code Level 5.  Design Requirements: Meeting Lifetime Homes standards (£75 per unit for a flat and £235 per house). The cost for meeting the requirement that 10% of units are capable of adaptation to full wheelchair units is a design issues, rather than a cost issue.  <b>BBP assumptions:</b>  Code for Sustainable Homes: Policy now defunct.  Mayor's Zero Carbon homes requirement from 1 October 2016: An additional 1.4% on top of base build costs (upper bound from GLA, 2015, GLA Housing Standards Review: Viability Assessment)  Design Requirements: Meeting Lifetime Homes standards (£75 per unit for a flat and £235 per house). The cost for meeting the requirement that 10% of units are capable of adaptation to full wheelchair units is a design issues, rather than a cost issue.
Affordable housing tenure mix	No value included for replacement housing units (mirroring the exclusion of land cost).  No additional affordable housing provision modelled.

Affordable housing transfer value	<p><b>Existing evidence base:</b> Not explicitly specified, but Shared Ownership initial equity, rent level, and yield provided.</p> <p><b>BBP assumption:</b> No value included for replacement housing units (mirroring the exclusion of land cost).</p> <p>No additional affordable housing provision modelled.</p>
Site-specific planning obligations	<p><b>Existing evidence base:</b> Nominal allowance of £1,000 per unit for Section 278 and residual Section 106 costs; assume majority of infrastructure covered by CIL.</p> <p><b>BBP assumption:</b> No Section 278 and Section 106 costs modelled; see list of policy requirements.</p>
Mayoral / Local CIL	<p><b>Existing viability evidence base:</b> Mayoral CIL - £35 / sq m residential, Merton</p> <p><b>Updated to 1Q2017:</b> Mayoral CIL - £46 / sq m residential, Merton (£35 / sq m, indexed +31.1% to 1Q2017)</p> <p><b>Added Local CIL based LB Merton CIL Charging Schedule effective 01/04/2014:</b> Local CIL High Path - £258 / sq m residential (£220 / sq m, indexed +17.4% 1Q2014 to 1Q2017) Local CIL Eastfields, Ravensbury - £135 / sq m residential (£115 / sq m, indexed +17.4% 1Q2014 to 1Q2017)</p> <p>NB - Only applied to additional units.</p>
<b>Threshold land value</b>	
Site value	<p><b>BBP Assumptions:</b> No existing value reflected for affordable units – mirroring replacement stock being excluded from GDV.</p> <p>Savings from removing Decent Homes obligations assumed to be sufficient to induce development.</p> <p>Site assembly costs:</p> <ul style="list-style-type: none"> <li>- Buyback (leasehold and free unit units)</li> <li>- Decant costs (affordable units) - £4,000pa / unit, incl. security</li> <li>- Disturbance costs (all units) - £12,500 / unit, incl. removals, fees, adaptations, SDLT, survey fees</li> <li>- Home loss (freehold / leasehold units) - 10% of OMV</li> <li>- CPO / legal costs (freehold / leasehold units) - £10,000 / unit</li> <li>- CPO costs - £150,000 per hectare</li> </ul>
Stamp Duty Land Tax	n/a

Source: BNP Paribas (2012) *Community Infrastructure Levy in London Borough of Merton: Viability Study*