

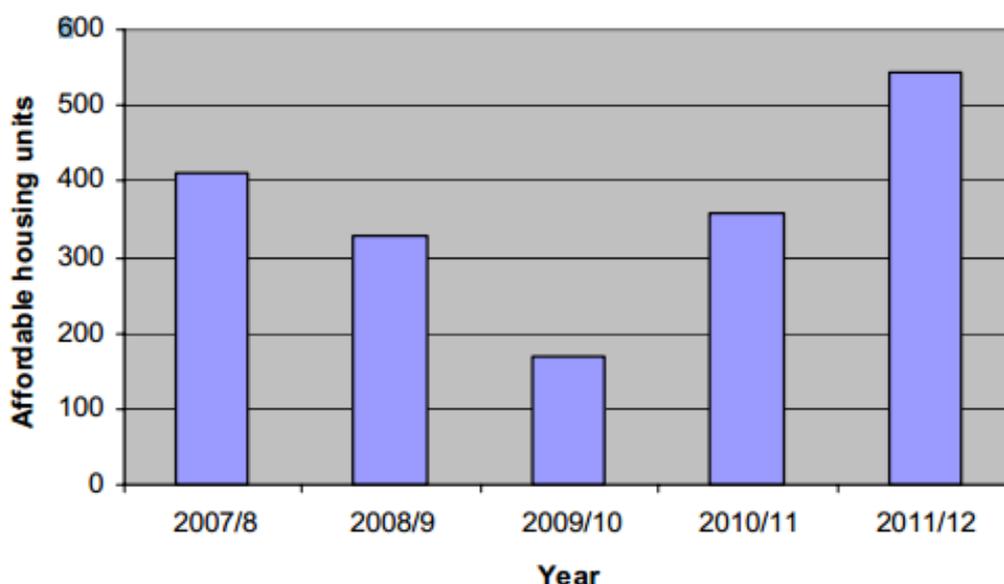
Lewisham Community Infrastructure Levy (CIL)

Affordable Housing / S106 performance monitoring and CIL performance forecasting

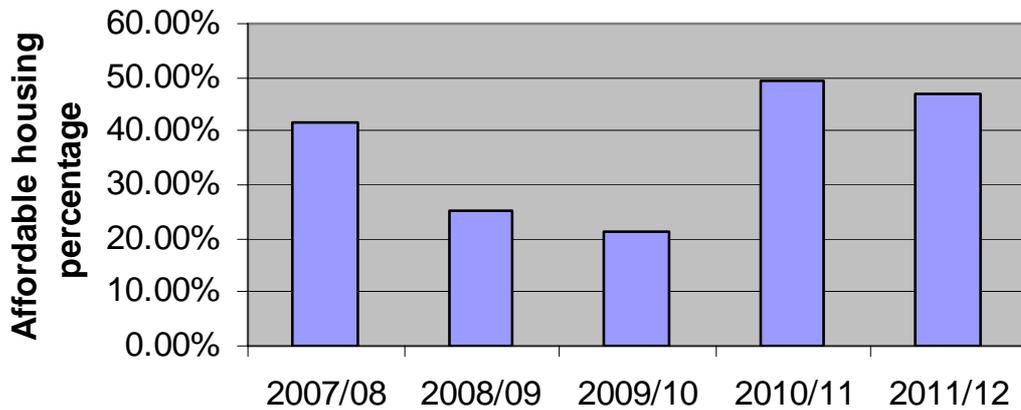
August 2013

Historic Performance Of Affordable Housing

In the last five years affordable housing in the London Borough of Lewisham has had a pattern of completions that matches the economic climate. In 2007/08 Lewisham completed 406 affordable housing units, while it then decreased significantly by 2008/09 when it reached 328 completions followed in 2009/10 by 168 completions. However there was an upturn in units completed with 2010/11 bringing 359 and 2011/12 reaching 554 – the highest completion rate of affordable housing since 2005.

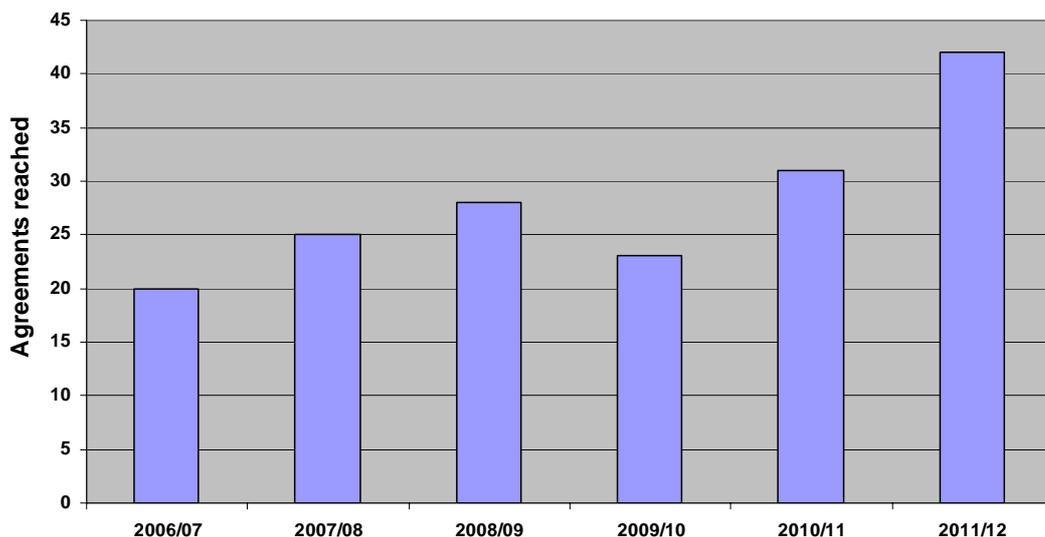


Although there was a drop in the affordable housing percentage in 2008/09 and 2009/10, the Council has been able to secure completions of over 47% in the past two years. This is in comparison to a strategic target detailed in the Core Strategy of 50%. The economic crisis coincides to the two lowest points in the last five years, however as with the numbers of affordable housing completions, the past two years have shown recovery. The Council's Community Infrastructure Levy (CIL) Economic Viability Study (CIL2.1) provides evidence that the delivery of affordable housing at the proposed strategic target of 50% is viable of the CIL period.



Historic Performance of Section 106

Since 2006/07 the amount of agreements signed have increased from 20 in 2006/07 to 42 in 2011/12. From the 42 agreements signed in 2011/12, a financial contribution of £39,697,210 has been negotiated, this is a considerable increase from the amount negotiated in 2010/11 of £2,843,198.

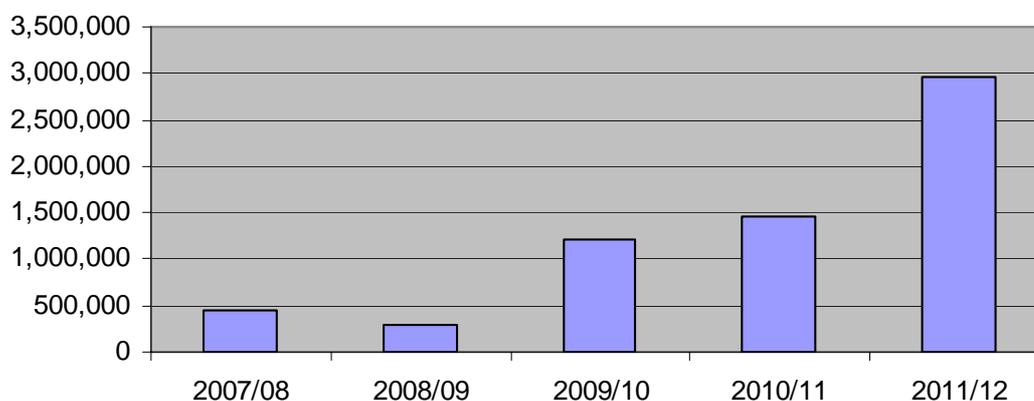


The reason for the peak in applications in 2012 was developers seeking to secure a planning permission prior to the introduction of the Mayor of London's CIL (£35 psqm for Lewisham). The dramatic rise in the value of financial contributions secured (to over £39m) is due to the large number of the borough's strategic sites that gained permission in 2011/12, including Surrey Canal Triangle, Oxestalls Road and most of

Plough Way. The package of S106 financial contributions for Surrey Canal Triangle alone is over £21m.

The chart below shows the ongoing performance of S106 in delivering financial contributions since 2007/08. The Council anticipates a large increase in contributions over the next few years as those agreements associated with the large strategic sites previously mentioned come forward.

S106 receipts



Analysis of those sites tested in the supporting document 'Site Testing the CIL' (CIL2.4), shows that the average amount of financial contributions collected through S106 agreements per unit is approximately £7,300, as is shown in the table below. This figure is heavily skewed by the Lewisham Gateway site and removal of this anomaly means the average S106 per unit is approximately £8,000. This relates favourably to the Planning Obligations SPD, which shows that a total of around £8,800 should be collected per unit under standard circumstances.

Development	S106 Price	Number Of Units	S106 Per Unit
Convoys Wharf	£31,419,558	3500	£8,977.0
Surrey Canal	£21,598,601	2400	£8,999.42
Oxestalls	£4,598,870	905	£5,081.62
Marine Wharf West	£2,150,000	532	£4,041.35
Cannon Wharf	£4,497,746	679	£6,624.07
Lewisham Gateway	£500,000	800	£625.00
7-17 Yeoman Street	£222,189	33	£6,733.00
Spotted Cow	£42,620	16	£2,663.75
Batavia Road	£727,187	114	£6,378.83
Land Fronting Deptford H/S	£568,293	121	£4,696.64
			Average
			£7,288.47

The average unit size in those developments tested can be approximated as 75sqm and therefore the £8,000 per unit cost would equate to a CIL rate of around £107 sqm. There are other variables that need to be considered when calculating CIL liability such as the removal of existing floorspace and the addition of the non-residential liable floorspace, however the Council believe that the estimated rate of £107 sqm demonstrates that the proposed CIL rates of £70 and £100 sqm are within an appropriate range.

Future performance of financial obligations

The Council has undertaken a considerable amount of evidence work to make an assessment of how it expects the performance of financial contributions to continue in the future. While it is thought that the cost per unit of planning obligations (through S106 and CIL) will remain fairly stable, the total receipt to the Council is likely to increase for two reasons. Firstly, the anticipated increase in development activity and secondly the ability for CIL to collect contributions from the considerable number of small developments where previously it has not been feasible to negotiate S106.

The table below shows the Council's estimation of when financial contributions may be received through the proposed CIL and the residual impact of existing s106 agreements being fulfilled over the coming years. A number of those strategic sites discussed earlier as signing agreements in 2011/12 (worth over £39m) are expected to come forward in phases over the period below and will therefore deliver a considerable financial receipt.

	2014/15	2015/16	2016/17	2017/18	2018/19	Total
CIL receipt	£3,324,474	£4,786,693	£5,610,683	£3,730,939	£2,550,465	£20,003,255
S106 receipt	£3,291,904	£3,261,888	£4,058,432	£3,486,336	£1,326,080	£15,424,640
Total receipt	£6,616,378	£8,048,581	£9,669,115	£7,217,275	£3,876,545	£35,427,895