

# **Guildford Local Plan Part 2 Examination: Development Management Policies**

## **Hearing Statement by Guildford Residents Association**

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### **Matter 7: Policy H5: Housing Extensions and Alterations**

*Main Question: Whether the other policies in the DMP are positively prepared, justified, effective and consistent with both national policy and the LPSS.*

GRA does not consider that the DMP will be effective in ensuring that extensions and alterations deliver the statutory purposes of the AONB or protect the distinctive local character of villages and garden suburbs.

To achieve the stated policy objectives and those in the NPPF, greater clarity is needed in H5 1) on appropriate spacing between dwellings to allow for green landscaping between plots and to avoid a terracing effect.

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### Matter 1: Policy H7: Review Mechanisms

*Main Question: Whether Policy H7: Review Mechanisms is positively prepared, justified, effective and consistent with both national policy and the LPSS.*

*Supplementary Questions:*

*1.1 (For the Council) How often has reduced affordable housing provision been agreed? Please provide a list of recent cases. Have review clauses been agreed?*

*1.2 Is the scope of the policy sufficiently clear? Should small scale development (to be defined) be exempt?*

*1.3 Would 'late stage' reviews be effective? What would happen in the event of disagreement?*

*1.4 Should further details of the review process be included?*

#### **Guildford Residents Association (John Harrison)**

Viability calculation methodology produces a wide range of potential outcomes (see Matter 8 for explanation; the Inspector may wish to read that section first) known as Valuation Variation. Review mechanisms are therefore the single most effective means to ensure policy compliant development which maximises public benefits.

Our recent experience here, is that little or no affordable housing is judged viable. Focusing on current major proposals, which might be expected to be most profitable, and which would certainly make the biggest impact in helping to meet the need, for example:

**Plaza, Portsmouth Road, Guildford (21/P/01811)** none was provided

**St Mary's Wharf (Formerly Debenhams) 21/P/02232** where initially none was provided and then on a slightly reduced scheme a handful of units are proposed

**Friary Quarter, North Street, Guildford 22/P/01316** no units can be provided

During this paper we discuss the viability submissions in respect of these applications simply because they are readily available on the GBC website, are prepared by well respected consultants, are clearly pertinent to Guildford and demonstrate the real world issues that to be effective the DMP need to address. We would like to make it clear that we imply no criticism of the consultants, their methodology or the views and values expressed in their reports, nor of any council officers or members who might be involved with reviewing those reports.

Where a developer subsequently considers a planning consent to be onerous they have available a review mechanism in that they can submit a revised planning application. This was recently the case for the **Howard of Effingham** scheme where in 2014 consent for 295 dwellings was granted. In 2021 a further application was submitted for an additional 110 dwellings as the scheme was said to have become non-viable without. The community deserves a review mechanism as well.

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In answer to question 1.1 we would ask the council to state not simply how often reduced affordable housing provision had been agreed, but to include details of the quantum of the reduction. For context we would also ask the council to provide details of recent cases where the full provision of affordable housing was agreed and to indicate the proportion of, say, small, medium and large developments falling into the matching and reduced categories; this could be anecdotal if the statistical data is not available. I believe the council is of the view that the greatest need is for social rented housing so it would be helpful if some insight into the breakdown by type was provided as a further aid to understanding the current position.

1.2 The scope is not clear. The introductory paragraphs to the policy state that the council will require a review mechanism but Policy H7 (1) adds the weasel words "where it considers appropriate" so this is inconsistent. There is no clarity as to what criteria might properly be considered in assessing appropriateness, so developers will not know in advance whether or not a review mechanism might be required, and residents (many of whom may be in housing need) may lose confidence in the concept of developer-provided affordable housing.

We therefore think the words "where it considers it appropriate" should be deleted. If that is considered excessively open ended, then a review should be required unless certain specified criteria apply. The Introduction and the words in the box should be better aligned.

The RICS Guidance Note to Assessing Viability in Planning under the PPF (Mar 2021)

[https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/land/assessing-financial-viability\\_final.pdf](https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/land/assessing-financial-viability_final.pdf)

states (with our emphasis)

**2.3.9** Valuation variation can be addressed in three different ways: first by the use of mandatory sensitivity testing of viability assessments; second by the use of site-specific assessments when deemed appropriate; and third by including policies that *require* the use of review mechanisms within individual planning agreements, whereby additional contributions can be obtained if development returns increase significantly above expected returns.

**2.3.12** Review mechanisms are addressed in PPG paragraph 009 and in Chapter 3 of this guidance note. Paragraph 009 states:

*'Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities ability to seek compliance with relevant policies over the lifetime of the project.'* (our emphasis)

It is clear that review mechanisms should be required and not simply an option, and why. The proposed wording without our deletion severely reduces the local authority's ability to seek compliance with its own policies which cannot be in the public interest.

As outlined in Matter 8, a developer might modify the construction methodology on receipt of consent - not simply by using cheaper materials - but a different, quicker approach, also improving cash flow and saving interest. There is clearly a risk that FVAs run to minimise contributions for the public benefit, employ methods and materials that are not representative of what might ultimately be adopted. Late stage reviews would not only claw back money for the community, they would act as a deterrent to such a process.

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Exceptions to mandated reviews could include smaller scale developments; criteria for scale might include number of units, number of bedrooms, floor area, value, or a combination thereof.

Policy H7 3(a) says “prior to sale or lease of 75% or an agreed similar point”. This is not clear. Also, is exchange or completion envisaged? We would expect exchange. How will advance sales prior to physical completion be treated when discounted prices may be agreed?

We believe the Reasoned Justification fails to reflect current circumstances where developers routinely initially argue that schemes are not viable, still less that they can support delivery of a material amount of social housing. Further it does not demonstrate an understanding of the limitations of the viability appraisal methodology and the necessity of a sensitivity analysis for context, see above and Matter 8. Changes would make it more commercially robust, authoritative and improve justification.

1.3 We believe late stage reviews would be highly effective. The current system is a little like levying corporation tax now, on a company’s forecast profit several years’ hence. Common sense says that a reality check once the profit was known would be fairer. It also says that a cautious approach to the forecasting would be taken in order to minimise tax payable.

Viability hinges on the difference between two large imprecise numbers (Cost and proceeds) small changes in which have a magnified effect on the final outcome, See Matter 8. Consequently the RICS require the inclusion of a sensitivity analysis demonstrating the effect of incremental changes in the key inputs on the final outcome. To illustrate this, below is an extract from the Argus software printout of the viability study relating to the Guildford Plaza BTR development as posted on the GBC website, Application 21/P/01811. It shows that if construction costs increased by 10% and rents fell by 10% the value would be a *loss* of £6.636m and conversely if they moved 10% in the opposite direction the value would be a profit of £4.975m. Thus a range, or valuation variation of £11.611m relative to a central forecast of minus £1.048 m for a mere 10% change in inputs.

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### Guildford Plaza - Proposed Co-Living Scheme September 2021 - 36 DMR Units

#### Table of Land Cost and Land Cost

Rent: MRV / Unit	Construction: Rate /ft <sup>2</sup>				
	-10.000%	-5.000%	0.000%	+5.000%	+10.000%
	197.97 /ft <sup>2</sup>	208.96 /ft <sup>2</sup>	219.96 /ft <sup>2</sup>	230.96 /ft <sup>2</sup>	241.96 /ft <sup>2</sup>
-10.000%	-£1,021,342	£409,021	£1,918,749	£3,442,346	£4,975,005
10,566	-£1,021,342	£409,021	£1,918,749	£3,442,346	£4,975,005
-5.000%	-£2,425,143	-£1,034,809	£394,463	£1,903,802	£3,426,568
11,153	-£2,425,143	-£1,034,809	£394,463	£1,903,802	£3,426,568
0.000%	-£3,828,943	-£2,438,610	-£1,048,276	£379,906	£1,888,856
11,740	-£3,828,943	-£2,438,610	-£1,048,276	£379,906	£1,888,856
+5.000%	-£5,232,744	-£3,842,411	-£2,452,077	-£1,061,744	£365,348
12,327	-£5,232,744	-£3,842,411	-£2,452,077	-£1,061,744	£365,348
+10.000%	-£6,636,545	-£5,246,212	-£3,855,878	-£2,465,545	-£1,075,211
12,914	-£6,636,545	-£5,246,212	-£3,855,878	-£2,465,545	-£1,075,211

#### Sensitivity Analysis : Assumptions for Calculation

If council members, residents and a wider range of officers understood that values produced in viability studies are at best illustrative, then the essential need for review mechanisms that reflect true financial inputs would be accepted. The possibility of over-egging the costs and gilding the lily of values, with the consequent threat to policy compliant development that maximises public benefits, would be avoided, or at least reduced, by the ability to claw back "tax" based on the taxpayers actual financial experience.

The use of a review mechanism has to be agreed, i.e. negotiated. One can envisage a situation where an applicant makes a final offer of community benefits providing there is no review mechanism, or alternatively a lower benefit with the possibility of more later whilst giving the poor planning officer a very limited time to "take it or leave it." This could be avoided, and the provision of late stage reviews made effective, if the DMP clearly provided that they would be required, hence the importance of removing the weasel words "where it considers appropriate" stated above.

One drawback, and a further string to the developers bow in negotiation, is that the surplus identified on review does not all flow to the community but is often split 60/40. The DMP could provide for a higher proportion.

1.4 Few details of the review process are included. It should be clear that development value and development costs referred to at 2.4 include all the components that may make them up e.g. yields as well as rents and all the elements that make up costs not just the build cost rate. So they might cover demolition (where significant salvage or reuse on site results in material savings), architects fees where the standard 10% is rarely paid in practice, Rights to light payments which are easily overestimated, and exceptional costs relating to ground conditions or contamination where again overestimation is easy. On the revenue side, timing of income stream is crucial to the discounted value and should, on a review, reflect recent

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history and extrapolate from it. Sensitivity analysis should go beyond the formulaic plus or minus 10% on costs and revenues at least in the context of project specific FVAs.

Monitoring: would it not be prudent to monitor the additional public benefits obtained following undertaking a review? This could be particularly useful if our recommendation to ensure they are mandatory is not accepted.

# **Guildford Local Plan Part 2 Examination: Development Management Policies**

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### **Matter 2: Policy H8: First Homes**

*Main Question: Whether Policy H8: First Homes is positively prepared, justified, effective and consistent with both national policy and the LPSS.*

*Supplementary Questions:*

*2.1 The Government's First Homes policy was introduced after the adoption of the LPSS. What are the implications for Guildford Borough and the affordable housing split set out in LPSS Policy H2(4)?*

*2.2 In the case of Guildford Borough, will the policy lead to the loss of shared ownership properties, an excess of 1-bedroom properties or any other adverse consequences? If so, should there be scope for some flexibility over the requirement for 25% of affordable homes to be First Homes?*

2.2 First Homes outside London have a price limit of £250,000 after a 30% discount implying an open market value of £357,000.

Studio apartments in the Debenhams redevelopment of 515 ft.<sup>2</sup> are priced in the submitted viability study at £380,000 and one-bedroom units of 610 ft.<sup>2</sup> at £445,000. One bedroom units in the Friary Quarter of 576 ft.<sup>2</sup> are priced at an average of £381,000 in that viability study. Whether by accident or design, these figures are marginally above the threshold suggesting first homes would only be available outside the town centre where public transport is inferior, or in lesser quality units. It also strongly suggests that they will be confined to small units inappropriate to those starting a family who would require two bedrooms. It is suggested those with earnings approaching the limit of £80,000 would only be interested in a First Home if they were about to start a family and lose one income, since otherwise they would buy an open market home where there is much greater availability.

The balance of demand will also be affected by the relative affordability in the rental market versus the purchase market. Where capital growth is considered likely - which is the case in Guildford as compared to less thriving areas where incomes are rising more slowly - investors will accept a lower income multiple for a comparable total return. This, therefore, tends to make the rental option more affordable than purchase. Given the price limit is the same in parts of the country where typical house prices are a fraction of those in Guildford, first homes are likely to be much more relevant elsewhere.

All in all, we doubt the First Home scheme is likely to be very relevant within Guildford.

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### **Matter 3: Policy P6/P7: Biodiversity in New Developments**

#### **Guildford Residents' Association (John Harrison/Amanda Mullarkey)**

*Main Question: Whether Policy P6/P7: Biodiversity in New Developments is positively prepared, justified, effective and consistent with both national policy and the LPSS.*

#### *Supplementary Questions:*

*3.1 Is the requirement for a 20% increase in biodiversity justified in the case of Guildford?*

*3.2 What would be the implications of a 20% increase on development viability? Would there be any unintended consequences?*

*3.3 If viability is an issue on a site, how does biodiversity feature amongst other priorities?*

3.2 The first thing any developer asks is "how much can I get on?" If requirements to increase biodiversity reduce the net developable area, potentially that could impact viability. However, there are ways to mitigate such as by building higher: three rather than two storeys or by linking houses and/or garages rather than by having a fragmented, low density design. More urban, higher density schemes, probably start with a lower biodiversity base such that a 20% increase is less challenging.

Since sites need screening and amenity land, the biodiversity target can generally be achieved by well chosen planting, use of "bug houses" and structures for bats, hedgehogs etc. at minimal cost. We would not therefore expect the requirement to materially impact viability in most cases. Furthermore, increased biodiversity implies increased amenity which implies increased prices.

Where viability was threatened we believe the main unintended consequence is likely to be an increase in density on that part of the site that can be built upon.

With the areas to achieve biodiversity often having a dual function, e.g. SUDS and amenity in order to maximise the developable land, a real unintended consequence is that significant parts of the development in time look unkempt and overgrown, become perceived as weed patches and succumb to littering and fly tipping, or where there is insufficient parking get used for this. It is therefore crucial that ongoing maintenance of the unbuilt areas is provided for: to look natural unduly vigorous species needs to be controlled for example, even if there is no inappropriate use. Without maintenance, the swathes of wildflowers depicted in the CGIs will rapidly deteriorate.

Policy P6/P7 (11) in the box should be extended to cover this: the words "and provide a summary of likely maintenance requirements and to detail how they might be undertaken, how frequently, by whom, and how they might be financed" added at the end might cover this. Similar wording could also be incorporated into point (4) where it refers to maintenance.

There is only a passing reference to small-scale infill and redevelopment schemes that make a significant contribution to new housing provision in Guildford. If, as stated, policy is to

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encourage biodiversity even where there may not be a statutory requirement to increase it by a specific percentage, clearer guidance is required. There are too many instances of mature trees being summarily felled or long-standing pockets of wilderness - within, for example, former quarries within the urban area - being drastically cleared, impacting not just the sites themselves, but crucially the connectivity of habitat. The good practice that is to be encouraged could, with advantage, be referred to explicitly in the DMP with a suggestion, for example, that no change to vegetation should be made until the layout is devised and a scheme for biodiversity and amenity approved.

## **Guildford Local Plan Part 2 Examination: Development Management Policies**

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#### **Matter 7: Policy P12: Water Quality, Waterbodies and Riparian Corridors**

*Main Question: Whether the other policies in the DMP are positively prepared, justified, effective and consistent with both national policy and the LPSS.*

To be effective Policy P12 5) needs to be explicit that

- the 10 m buffer along a main river should be retained where of ecological or landscape value and enhanced if necessary.
- The undeveloped buffer should screen the river from development and be free from all kinds of development not just buildings.

We are concerned that the Council has set a poor precedent by giving permission for a GBC-sponsored riverside strategic site with:

- inadequate planting on the buffer strip to screen the river from extensive proposed development, traffic and light pollution,
- development on the 10 m strip
- breach of the 10m width requirement with roadway
- urban style planting to replace existing natural landscape and ecological features.

Without greater clarity, this policy will be ineffective and face challenge as the Council's own approach has shown.

10m strips are also a key component of delivering the distinctive green character of Guildford (See D4).

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#### **Matter 7: Policy D4: Achieving High Quality Design and Respecting Local Distinctiveness**

*Main Question: Whether the other policies in the DMP are positively prepared, justified, effective and consistent with both national policy and the LPSS.*

#### **Guildford Residents' Association (Amanda Mullarkey)**

We submit that this policy is not positively prepared, justified, effective and consistent with both national policy and the LPSS.

- We question whether lack of clarity on tall buildings is consistent with effective planning, national policy, the LPSS and the expectations of the National Model Design Code: Part 2 - Guidance Notes (para 118).
- We question whether the "respecting local distinctiveness" objective of this policy is effective noting that it fails to signal at a strategic level the distinctive landscape character features of Guildford as envisaged by the LPSS Inspector.

Two clear objectives of the NPPF are

- to make effective use of land (especially brownfield sites) while safeguarding and improving the environment (para 119)

and

- to achieve well designed places.

The DMP part of a Local Plan is a crucial means of achieving these objectives, supplemented by Design Codes and SPDs as appropriate. Paragraphs 126 to 134 of the NPPF are relevant. They set out among other things that design policies should

- be developed with local communities so they reflect local aspirations,
- be grounded in an understanding and evaluation of each area's defining characteristics,
- be sympathetic to local character and history, including the surrounding built environment and landscape setting
- establish or maintain a strong sense of place
- create attractive and distinctive places

The NPPF also sets out that applicants should have as much certainty as possible about what is likely to be acceptable.

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We are concerned that the Design section of the DMP, in particular policy D4, fails to identify at a strategic level the characteristics that underpin the distinctiveness of Guildford. Other Local Plans appear to have a far greater sense of place-based objectives.

The draft Local Plan DMP

- provide little value beyond information already available in the NPPF or the National Design Code
- fail to give developers a steer from the outset (***including the crucial site acquisition stage***) on the defining characteristics of Guildford and what is likely to be compatible with these distinctive traits.

Policy D4 does refer to Local Design Codes but it envisages these will be produced later by developers of strategic and larger sites and that these can follow the granting of outline permission, the stage at which quantum is determined.

We welcome policy D4 referring to “Respecting Local Distinctiveness”, but we are concerned it does not achieve this. In the absence of a clear policy context, D4 is likely to result in “could be anywhere” development as developers negotiate on a case-by-case basis. In the absence of clear policy to achieve a plan led approach, this process is often driven by inflated land acquisition costs with developers seeking to maximise returns. All too often property changes hands with densities and heights ratchetting up in successive applications that do not proceed. In a policy vacuum, development is delayed while property portfolio holders hold out for more.

We note that Basingstoke and Deane commissioned an Urban Design Framework for Basingstoke in 2020 to underpin the design policies in its Local Plan update. This proposes that in pursuit of Local Distinctiveness (all sites) developments will be permitted where they conserve or enhance

- the landscape and townscape framework, including the ‘key characteristics’ identified in local Character Assessments and adopted Design Statements
- open areas and green spaces that contribute to the special qualities of the townscape or the setting of buildings, including heritage assets
- recognised public views, features or skylines
- the special qualities of Conservation Areas and historic landscapes
- trees, hedgerows, water features and corridors which contribute to local distinctiveness.

Guildford has a Landscape and Townscape Character Assessment which is listed in para 5.7 and as evidence but the design policies and supporting text do not capture defining key characteristics to underpin distinctiveness. Although the Landscape Assessment identifies many detailed characteristics that ought to underpin appropriate and distinctive development, these numerous features get overlooked in the absence of high-level reference to overarching traits within the Plan itself. To become effective and support delivery of national policy, we submit that the DMP should reference the following defining characteristics of Guildford:

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- 1) Guildford is set in a gap in the Surrey Hills AONB making views into, out of and across the town and downs a defining feature. Roofscapes, hilly streetscapes and landscapes are valued.
- 2) Routes converge in Guildford to cross the downs, roads are narrow and the scope for ring roads and bypasses is limited making sustainable transport innovation and enabling infrastructure high priorities.
- 3) Trees and hedges around the edges of settlements, along roads and rivers, and around the boundaries of many properties, soften their impact in the landscape. Densely planted green buffers are a valued feature around strategic sites and new infrastructure. Green landscape features, rather than “landmark buildings”, often characterise and give identity to various parts of the borough.

These defining characteristics make the bulkiness and height of buildings particularly sensitive issues in Guildford. Inappropriate tall or blocky buildings can obscure views including of AONB and heritage assets, destroy appreciation of the rise and fall of the downland landscape, be intrusive from many angles, and be overbearing by blocking light and trapping pollution along narrow streets and passages known locally as Lanes.

In order to be effective and achieve the objectives of the NPPF and National Design Code, clear parameters are needed to indicate the extent to which taller buildings are appropriate and where. The National Design Code Guidance clearly envisages that the Local Plan is a suitable place to set this out. Para 118 states “The policy on the location of tall buildings is likely to be part of the local plan.” The Guidance gives “Tall Building Principles” to be taken into account, including topography characterisation studies, heritage assets, local historic character and conservation areas, transport accessibility, identified long views and skylines to be protected, sensitive local views, vistas and gateways.

Guildford has produced a Town Centre Views SPD which is welcome but insufficient to be effective in achieving NPPF objectives. In only one view corridor is a height limit suggested. The SPD is highly selective, confined to the centre and fails to provide effective height parameters. Indeed, it risks creating a sense that if a landscape impact is not one of the few selected, it doesn't matter.

Officers have resisted a heights policy but there is mounting evidence that some clear parameters in the Plan are necessary to guide developers. The current approach in policy D4 of saying “Appropriate building forms, heights and sizes for the site”, while flexible, is too vague to be effective. We propose a heights policy is needed both to promote development and to achieve distinctive character.

Evidence elsewhere suggests height policies need to be well crafted and included in the Local Plan itself to be effective.

The Greater London Assembly, which has longer experience of a heights policy, albeit on a far bigger scale that would be considered in Guildford, passed motions of concern (dating back to 5 November 2014) that height limits established by Opportunity Area Planning Frameworks were being ignored and that the London Plan policies on tall buildings had not been properly implemented in planning decisions. It urged that to make a positive contribution, tall buildings need to be in the right places and respect the character and identity of the surrounding area. The Assembly identified a need for more protected views,

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for views from all angles to be a planning consideration regardless of whether within a protected corridor, and for all developers to consider configurations other than tall buildings.

The London Plan (2021 Policy D9) specifies “Tall buildings should only be developed in locations that are identified as suitable in Development Plans.” It requires Boroughs to adopt a plan led approach to taller buildings by considering which areas are appropriate, sensitive or inappropriate for tall and large buildings and identifying them in Local Development Frameworks. These areas should be consistent with place shaping and heritage policies in the London Plan. The London Plan specifies tall or large buildings should only be considered in areas whose character would not be affected adversely by the scale, mass or bulk of a tall or large building, relate well to the form, proportion, composition, scale and character of surrounding buildings, urban grain and public realm (including landscape features), and that tall buildings should not impact on local or strategic views adversely.

Of particular relevance to Guildford, the London Plan policy states that the impact of tall buildings proposed in sensitive locations should be given particular consideration. Such areas might include conservation areas, listed buildings and their settings, registered historic parks and gardens, scheduled monuments, the edge of the Green Belt or Open Land or other areas designated by boroughs as being sensitive or inappropriate for tall buildings. This reinforces appreciation that much of Guildford would be a sensitive location for taller buildings.

Also of particular relevance for Guildford, the London Plan cautions against a canyon effect. It sets out that buildings near the River Thames should “protect and enhance the open quality of the river and the riverside public realm, including views, and not contribute to a canyon effect along the river”. In Guildford, it is particularly important to ensure that taller development does not have an overbearing impact along the sensitive protected Wey corridor or along the railway.

In London, the threshold for tall and large buildings is those that are substantially taller than their surroundings, cause a significant change to the skyline or are larger than the threshold sizes set. 6 storeys or 18 metres is considered a threshold. Helpfully the London Plan is clear that this does not mean all buildings up to this height are automatically acceptable. All proposals need to be assessed in the context of other planning policies to ensure that they are appropriate for their location.

In Brighton and Hove the threshold for tall buildings is 18m or more in height (c6 storeys) or significantly taller than the prevailing height of surrounding buildings (15% taller than mean height of development in 100m radius). The Council has an Urban Design Framework SPD (2021) with a significant section on Tall Buildings. This supplements

- City Plan Part One Policy CP12 Urban Design and
- City Plan Part Two Policy DM18 High quality design and places. Supporting text (paragraph 2.149) references criteria for assessing proposals for tall buildings, including cumulative impact.

It is notable that policy CP12 includes the expectation that all new development will:

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1. *Raise the standard of architecture and design in the city*
2. *Establish a strong sense of place by respecting the diverse character and urban grain of the city's identified neighbourhoods*
3. *Achieve excellence in sustainable building design and construction*
4. *Conserve or enhance the city's built and archaeological heritage and its settings*
5. *Have regard to impact on the purposes of the National Park, where within the setting of the National Park*
6. *Protect or enhance strategic views into, out of and within the city*
7. *Be inclusive, adaptable and accessible*
8. *Ensure that the design of the external spaces is an integral element of the overall design approach, in a manner which provides a legible distinction between public and private realm*
9. *Incorporate design features which deter crime or disorder and the fear of crime*

The supporting text is clear (para 4.145) that the purpose of this policy is to provide a statutory basis for the Urban Design Framework and to enable as much certainty and clarity as possible about where the city will broadly accommodate any taller development. The Urban Design Framework SPD identifies on a map the areas with potential to accommodate taller buildings, supported by height ranges and design principles. It also provides clarity about areas where taller buildings are unlikely to be suitable.

In Guildford, the Strategic Development Framework SPD provides a degree of steer for five strategic sites on the edge of the town and beyond, although **this does not adequately capture overarching distinctive characteristics of Guildford or the significance of building heights and green buffers in relation to views and character**. In the town, where most of the applications for tall and bulky buildings are happening, the absence of effective means of fulfilling NPPF objectives relating to beautiful design and distinctive character is cause for concern. Draft D4 would not be effective in shaping recent applications.

In the absence of a heights policy, each site tries to make a case for a landmark building and significant blocks.

- The North Street Scheme proposes a 14+ storey landmark building and a considerable number of tall blocks that would rise significantly above surrounding buildings, including those along North Street. Proposed building heights would make the scheme prominent in views, obscure appreciation of the rise and fall of the land characterising Guildford's town centre, and dwarf historical town centre buildings. In the absence of a heights policy that also promotes appropriate spacing of taller buildings, the scheme proposes taller buildings would be very close to each other across narrow streets. This is supposedly to mimic the characteristic narrow "lanes" that lead off on either side of Guildford's High Street. This is misguided because the appeal of the historical narrow lanes is inextricably linked to their very low tumbling, tiled rooflines. Taller buildings require a very different approach to spacing and landscaping to avoid dark, skyless wind tunnels (a well-established design code principle). The scheme also proposes to raise ground floor levels at the bottom of North Street and cut into the ground at the top of North Street creating a ground floor slab rather than reflecting the gradient of the downland landscape as a character design feature. The style of architecture is described as Camden and mimics other

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projects by the developer in London. Sense of place is hard to identify apart from, in view of proposed heights, inappropriately narrow separation between buildings either side of lanes.

- The former Debenhams site scheme proposes two blocks (8+ and 7+ storeys) with a narrow gap between them and a minimal path along the sensitive designated River Wey. The scheme would be on a raised plinth to lift it out of the floodplain increasing its impact. An iconic feature of Guildford, with a high economic value, is the view from the High Street onto the Surrey Hills. (Residents talk of the two towers on the Mount in that view as a regrettable mistake from the past.) If the Debenhams development were to go ahead, in the absence of an effective heights policy, it would block out great swathes of the view of the downs from the High Street by Boots. It can be seen from the developer's own assessment of an earlier version of the scheme, that even with 1 and 2 storeys removed as now proposed, the scheme would harm a character-defining view that draws people to our High Street. It is notable that the applicant is not including an assessment of impact on views from this viewpoint in the application.



*Former 9 & 8 storey version of application for Debenhams site currently being assessed in the absence of a heights policy. 7 & 8 storeys now proposed would still obscure view of Surrey Hills AONB from High Street by Boots.*

- The latest version of the Council's own Guildford Park Road scheme proposes a 10 storey landmark building on a site that is not well suited to a landmark. It would block views towards cathedral hill in Guildford obscuring appreciation of our downland

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landform. A previously consented 7 storey scheme would not have blocked views of the landscape setting of the cathedral to the same degree. Alternative configurations avoiding such a tall building were not presented as an option. Like all current applications, this revised taller proposal refers to an inspector-approved scheme of 8 storey on the other side of the railway as a precedent and justification. However, this fails to recognise the circumstances in which the Inspector made his decision to allow a string of 8 storey buildings along the other side of the railway line. The inspector-determined Solum scheme was granted in a different planning context having been put forward when Guildford did not have a 5 year housing supply. We now have an approved Local Plan.

- The Casino Night Club on Onslow Street took a proposal for a 10 storey scheme to appeal which included a glazed, highly illuminated night club use on the top floors. This would have been highly visible in many views. This proposal was withdrawn, due to various flaws with the specification. but the owner has proposed submitting a tall replacement scheme drawing on the precedent of other proposals for tall buildings.

There is a real danger that Guildford's distinctive downland character, which is rich in views, will be lost. This will harm the economy. The distinctive qualities Guildford with its views and historical character contribute to its appeal as a place to live, visit and do business. They underpin economic growth and economic resilience. Overly large (tall and blocky) buildings risk harm to those qualities. They are being proposed on sites determined by developer negotiation rather than a plan-led approach.

In neighbouring Waverley Council, Farnham has resisted overly tall development and avoided harm to the character of the established town centre. It has achieved this while planning positively, providing significant areas of redevelopment. The Council took a firm line on the height of new development that would be consistent with the distinctive, valued qualities of Farnham. Farnham's clear approach has protected the skyline and roofline, and hence character, of the historical core. Doing this provides strong economic benefits.

Developers of sites should have a clear set of criteria. Otherwise heights will continue to ratchet up as developers negotiate for ever greater densities.

**To be effective, positive and deliver outcomes consistent with national policy, Guildford needs:**

- **a height policy in the DMP to deliver development that is consistent with good design and distinctive character. In view of the significance of views in its downland setting, six storeys should be an exception in Guildford and large blocky designs should be avoided.**
- **the key defining characteristics of Guildford to be captured in D4 to ensure new development promotes distinctive character. Otherwise, Guildford will continue to be offered designs, copied from approaches elsewhere, at odds with the design objectives of the NPPF.**

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**The heights policy should set out parameters for determining height, identify locations where buildings over 4, or very exceptionally over 6 storeys, may be appropriate to ensure a plan led approach. The policy should also refer to the approach to heights being more fully addressed in an SPD and in a design code.**

**The key characteristics should ensure**

- **soft green edges continue to be a feature around settlements, along roads and around properties,**
- **quality views, including of and from the AONB and town centre, continue to be a valued feature,**
- **the rise and fall of our distinctive downland setting should be reflected in the form of built development,**
- **building design and rooflines should be appropriate for our narrow roads including our historical “lanes” and**
- **our rivers provide attractive green, accessible and visible corridors through our borough.**

# Guildford Local Plan Part 2 Examination: Development Management Policies

## Hearing Statement by Guildford Residents Association

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### Matter 8: Viability

#### **Guildford Residents Association (John Harrison)**

*Question: Have the policy requirements in the DMP, including the requirements for First Homes, a 20% net gain in biodiversity and electric vehicle charging infrastructure, been adequately assessed in relation to viability to ensure that they do not undermine the deliverability of housing development in the area? If not, how can the matter be addressed and what would the implications be for the policies in the DMP?*

In considering whether the provisions of the DMP could adversely affect viability, and therefore the deliverability of housing in the area, it is instructive to review how viability is assessed in a financial viability assessment (FVA) and why this is so crucial.

If developers claim that only very large schemes are viable, but the scale and mass are contrary to local planning policies, and/or adversely affect listed buildings causing respected organisations such as Historic England to object, then little is likely to get built. And anything that is built will involve protracted negotiations requiring extended input from senior planning officers and create an adversarial rather than collaborative approach. Delay due to the extent of opposition, need for appeals and potential for legal challenge if the DMP policies are not grounded in reality, are further threats.

So far as the impact of requirements such as First Homes, biodiversity and charging points is concerned, an examination of the FVA process will help to put the financial significance of such requirements into a proper context.

#### **FVA methodology**

As mentioned in answer to 1.3 above, viability hinges on the difference between two large imprecise numbers (Cost and proceeds), small changes in which have a magnified effect on the final outcome. The table in 1.3 illustrates how a residual land cost can vary hugely due to small changes in costs or proceeds. Neil Crosby the lead author of the RICS Guidance Note to Assessing Viability in Planning under the PPF (Mar 2021) [https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/land/assessing-financial-viability\\_final.pdf](https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/land/assessing-financial-viability_final.pdf) says that most stakeholders, including many professional valuers, do not fully understand the minutiae of these valuations. In other words, they do not appreciate that the residual value is not a specific amount but a very broad range of possible amounts dependent on subtle changes to the underlying assumptions that make up costs and proceeds. (<https://t.co/VK56pNbdHM>) nb Neal was professor of Real Estate at the University of Reading from 1994 until 2022 but remains active as Professor Emeritus of the University. He is perhaps the leading UK academic researching property valuation.

Previously the residual targeted using the viability methodology for planning purposes was typically the amount available for community obligations eg social housing. But due to the elastic nature of the residual (the RICS Guidance Note (RICSGN) calls this Valuation

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Variation), community obligation contributions got squeezed to little or nothing, so government policy, and the Guidance Note, tries to avoid that and makes the target residual the land value. If this value exceeds the base land value the scheme is considered viable.

However since this change was introduced all viability assessments I have seen have produced negative land values and therefore no social housing. It therefore seems that the new approach has made matters worse in so far as securing social housing as a developer obligation is concerned. This is not unique to Guildford: see appended article from the Guardian regarding the non-viability of a scheme in “millionaires row”, London.

All that seems to have happened is that instead of the result of the viability assessment being a small contribution to community benefits, the result has become a low or even negative land value caused by including community benefits within the costs thereby neatly, if perhaps disingenuously, demonstrating that those community benefits cannot be afforded.

The costs included in an FVA are many and varied and each has to be estimated with a greater or lesser degree of precision. In the case of the Debenhams redevelopment, for example, the submitted viability study (October 2021) incorporates a 125 page schedule of build costs. This includes relatively subjective estimates such as preliminaries 16% amounting to £9.95m, contractors overheads and profit 5%, £3.65m, contractors D & B risk 2.5% and design and development contingency 2.5% a total of £17.57m. In practice these would be negotiated with, or tended by, a contractor and it would be hoped to reduce them. In real world negotiations with contractors it may agreed to retain some of these high figures for presentation purposes but apply a discount to all or some of the building costs.

GBC in common with most councils therefore instruct its own consultants to review these submissions with a view to negotiating compromise figures. The problem is they have no clearer crystal ball and the tendency is to accept figures that do not appear unreasonable, or to adopt standardised allowances. This is in no way a criticism of the consultants concerned. I have undertaken many of these appraisals personally and found that with the best will in the world it is not possible to produce a definitive value; indeed I found in some instances I could vary the figure by 100% without in any way pushing the figures in one way or another with a view to manipulating the outcome. However there is plenty of scope to take a cautious or optimistic view in an effort to please one's client thereby creating greater variance. See above commentary around sensitivity analysis.

One fascinating fact I found was that when providing advice for development finance purposes, when a developer would want as high a value as possible, details of specific issues that might increase costs, tended not to be provided. Where however a lower value was required, for example in viability assessments, full details of every possible cost were provided, and every risk emphasised. Valuers are typically a cautious lot and find it easy to be prudent, so producing low viability assessments is not difficult.

In the case of Debenhams, GBC commissioned BNP to review the developers viability assessment and the report from October 2022 is on the council website. The critique of the build costs (Appendix 2) reduces preliminaries by 1%, to 15% for example, which makes a small difference, and represents a standardised allowance. More interesting is the comment under General:

It should be understood that the developer may choose to undertake value engineering exercises after the gaining of planning permission in order to reduce their cost.

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The developer may also use different construction methodologies to reduce programme and therefore costs.

In other words the scheme might be built in a substantially different way for a significantly lower cost which would feed directly to increased viability.

Similar issues apply in relation to the proceeds side of the equation with significantly greater scope for subjectivity and selectivity.

The Debenhams developers submission includes a detailed report from a residential specialist. GBC has instructed no comparable residential specialist but asked BNP to review the developers submission. BNP's report includes the interesting verdict:

As set out in our draft report, and as noted by KF, the proposed scheme is unlike any current town centre development and therefore it has potential to generate a significant premium above other developments and existing stock. Our review of KF's evidence alongside our own research into the proposed location indicates that it is probable that the notional uplift in the KF values does not fully represent the premium location and uplift in values that this new scheme could attain.

Accordingly we have tested the outcome of the viability assessment with increases of 5% and 10% above the KF pricing to reflect the anticipated premium in values.

Which have they settled on? Again there is great subjectivity. Premium values can often be a lot more than 10%: look for example at the difference between prices achieved on new flats in Vauxhall and Battersea relative to the more traditional pre-existing flats.

The crucial aspect is that even a 10% increase in prices has a huge impact on the residual outcome of the FVA as the sensitivity analysis under Matter 1 demonstrates. Consequently trying to establish the quantum of this premium justifies substantial research to produce evidence to identify it with some precision; that might come from researching relative prices in comparable towns. Since even a 1% increase could produce a material contribution towards much-needed social housing, obtaining an accurate view of the likely sales prices is as important as it is difficult.

### **Base value**

A crucial determinant of the FVA is the base value. Either this is used as comparator to the land value produced and acts as Judge and Jury in viability, or if the target is not land value then the base value is inserted as a cost.

However, base value is formulaic rather than the price the developer paid, based on existing use value plus an incentive to sell, but it has a crucial impact on the result and the degree of viability.

Where the existing use is agricultural or industrial, market evidence of prices per acre is normally available so establishing the EUV is easy. In the context of urban sites such as Debenhams, North Street and Plaza in Guildford, the EUV has to be itself determined by the same residual methodology with its inherent valuation variance.

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The Plaza viability report on the councils website includes that calculation (Appendix 4) which produces a site value for retirement flats in accordance with the existing planning consent of £5.2 million. GBC reportedly sold that site to the developer for some £21 million with planning consent, which illustrates how far the base value methodology (EUV+) can depart from reality (OMV) even where the use is the same. Note that the developer is claiming his BTR scheme non-viable based on the low base value but still proceeding with it notwithstanding that it has had to pay some £21 million for the site. If the FVA is right, does it not imply that the real world loss will be closer to £16 million; I find it hard to comprehend why the developer would press ahead in these circumstances.

The viability report for Debenhams by Gerald Eve (GE) submits a base value of £7.9 million whilst in their review BNP suggest £6.3 million is more realistic, but also make clear that any value is subjective since there is no credible demand currently for a department store of this size and nature. Again, whilst the developer claims that his scheme is non-viable with a base value of 6.3 million the actual purchase price is also reported at £21 million which I find similarly puzzling. Given the wide valuation variation that an FVA produces, it would not be difficult to produce a sensitivity analysis version showing a surplus in the order of £15 million for either scheme which might explain the otherwise apparent contradiction.

Returning to the base value, this imprecise and rather subjective figure is subject to adjustment to reflect a land owner premium as the PPG is unambiguous that EUV+ is the primary approach. One can imagine an aristocrat whose family have held a tract of land for centuries requiring an incentive beyond its existing use value to induce it to sell. In the case of urban development sites owned by commercial landlords, used to trading their assets, the need for such a premium is unclear. The former Debenhams site for example could be considered as something of a white elephant for existing use purposes which requires the disregard of any alternative use. The owner will be subject to holding costs, real or notional, and the building would need insuring, maintaining and securing. In such circumstances any premium to induce the owner to sell now, rather than wait, perhaps for a better day, would be likely to be low. There could be disagreement and negotiation around the EUV quantum, but that is a matter of valuation and not justification for an additional inducement.

In its submission the GE report discusses a range of premiums between 34% and 138%. BNP suggests 10%, so a very wide variation, but even 10% on BNPs EUV amounts to £650,000 which compares to the surplus in their original report of £450,000 + SANG costs. This underlines the sensitivity of the residual value to small changes in the inputs. The latest BNP report of the reduced scheme now accepts the GE submission that the scheme would be non-viable.

It should by now be apparent that there can be a very wide variation in the inputs into any FVA, way beyond uncertainty as to the price of bricks, that will have an exaggerated impact on the targeted residual such that it is only realistic to think in terms of a range of possible values.

#### **FVAs for Plan Making**

We are used to seeing viability assessments at the development management stage in relation to specific schemes where there is a project of a stated size, design and construction methodology, so there is something for a consultant to consider, in order to opine on costs to build, proceeds on ultimate sale and accordingly undertake an FVA calculation.

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However the revised NPPF and PPG place emphasis on undertaking FVAs at the plan-making stage when devising area-wide policies. This again is better suited to Greenfield sites intended for mass-market low rise housing, than complex urban sites. However it is clear that this approach is expected in relation to Brownfield also, and to a variety of scheme typologies including houses, flats, commercial and mixed-use schemes. It is recognised that scheme specific FVAs may be required for major sites suitable for comprehensive development.

We have demonstrated that the output from an FVA is entirely dependent upon the inputs. Most fundamental of all is how much can be built. This is often defined by reference to density but the relevant chapter from the DMP has been deleted. Secondary criteria helping to define the policy towards the amount of development would include height e.g. by reference to storeys, metres above site level or AOD, and maybe shadowing or viewing angles to ensure buildings were not overbearing. None of these criteria are defined by GBC.

We therefore find it hard to understand how a meaningful plan-making FVA could be undertaken. We conclude that the DMP policy requirements, in particular in regard to what is omitted, will undermine the deliverability of housing because insufficient guidance is provided for a meaningful FVA to be undertaken resulting in delay, uncertainty and excessive cost to the LPA.

The GBC approach to major sites such as the 3 listed earlier appears to be to allow the density of development to be the residual output from an FVA, rather than devise a policy. In other words, an FVA is undertaken iterating a range of densities and building heights, and that which falls out when the viability is break even (after allowing the developer a 20% profit, 5% contingency etc. etc.) is demonstrated to be required and therefore adopted as the plan policy. There have been many public statements by counsellors saying that what GRA regards as the excessively large Debenhams (St Mary's Wharf) and North Street (Friary Quarter) developments have to be that big to be viable. GRA considers this erroneous on two counts.

Firstly it fails to recognise the limitations of the FVA methodology. It appears to believe that there is a correct answer whereas we have demonstrated that there is a huge range of potential answers.

Secondly, and perhaps the worst for the character of Guildford, it leaves the density as the residual variant. So it is the density, which tends to manifest as height, that is subject to the exaggerated valuation variation, rather than the more traditional profit or site value.

Neal Crosby has described the residual as the dangerous element referring to a kind of pass the parcel where nobody wishes to remain holding it. The PPG was changed in order to stop the community obligations being the residual since insufficient was being raised. The lack of policy regarding heights and density in Guildford is resulting in this being the de facto residual. It is the exaggerated sensitivity of the residual to changes in the inputs that has resulted in the recent spate of applications to develop flats two or three times anything pre-existing.

To address this matter there needs to be a coherent policy in regard to density and building height.

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The RICS GN helpfully states:

**2.3.8** Values change over time and the inherent valuation variation within a residual valuation can have a significant impact on the distribution of development revenues. All FVAs should address this issue, whether over the plan period at the plan-making stage, or over the development period at the decision-taking stage.

The DMP should address this. Alternatively, and with no density or height policy, the character of Guildford could become a hostage to fortune in that in times of economic downturn greater density or height would be permitted if that is what FVAs purported to demonstrate.

Finally, it cannot be overemphasised that

**2.3.14** The outcome of an FVA should not be viewed as a financial certainty. Plan-makers and decision-takers will need to exercise judgement over the level of uncertainty, informed by the sensitivity analysis, attached to each FVA and make their judgements bearing in mind the two major policy imperatives of ensuring maximum development contributions and the delivery of land for development.

Surely the RICS has in mind something more specific and objective in the way of a sensitivity analysis than the formulaic +/- 5 & 10% of aggregate costs and proceeds: something informed by the specific development and market circumstances, and by the financial significance and probability. The DMP could address this for the purposes of transparency and continuity as officers change.

Judging by the current applications on the town's major sites, no development contributions are being achieved contrary to the first objective of maximising them. Secondly, the delivery of development that GRA and many others long to see is undermined by an adversarial approach predicated on negotiations that take up a huge amount of planning officers time, because what is proposed initially is excessively dense and overly high. Clearer development parameters would save time and help to foster the collaborative approach urged by the PPG.

In regard to the question regarding first homes, biodiversity and charging infrastructure we consider that the cost of these is modest in the context of the total and they will fall well within the margin of error that many cost inputs can be estimated. We are therefore of the view that from a practical point of view they are de minimis and unlikely to undermine the deliverability of housing development. See also Matter 3 above

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## Affordable homes in 'Billionaires Row' scheme unviable, says developer

**Plan for 109 London properties at average of £2m each causes anger in borough hit by housing crisis**



 An artist's impression of the plans for The Bishops Avenue in north London. Photograph: Barnet council

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**Robert Booth** *Social affairs correspondent*

Sat 20 Nov 2021 08.00 GMT

A property developer forecasting a profit of tens of millions of pounds from a luxury apartment complex on London's "Billionaires Row", has claimed it cannot afford to subsidise a single affordable home there.

In a move that has caused anger in a borough blighted by an affordable housing crisis, Harrison Varma argued its plan to build 109 "high-end" homes with an indoor pool, gym, spa and underground parking on The Bishops Avenue in north London, left no money for

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cheaper housing.

In **planning documents**, the firm's consultants estimated the scheme would make £37m in profit from £213m in revenue on a road considered one of Britain's most expensive addresses, where oligarchs from the former Soviet states, Saudi royalty and Nigerian oil barons have bought palatial mansions. The new homes will cost about £2m each on average.

The case will focus attention on highly complex negotiations between developers and councils over private housebuilders' payments towards affordable housing. For the last three years about 50% of all affordable homes in England have been funded by such developer deals. Yet social housebuilding fell 12% in the year to April 2021, according to official figures released on Thursday that show just under 6,000 homes let for the cheapest "social rents" were completed in England.

Analysis by the housing charity Shelter showed just one social home was built in England for every 195 households on waiting lists. About 46,000 other "affordable" homes were built, but these include shared ownership properties and housing that costs 80% of market rent.

On the scheme at The Bishops Avenue, Conservative-controlled Barnet council agreed with the developer's financial viability assessment that it "cannot viably support the provision of any affordable housing".

The borough's Labour opposition leader, Barry Rawlings, has accused the council of being "utterly negligent".

"We're in the middle of a housing crisis with nearly 2,500 families trapped in temporary accommodation [in Barnet]," said Rawlings. "If the council had done its job properly and negotiated the maximum possible ... it would have funded enough affordable homes to re-house most if not all of these families."

The council later accepted a £1.1m payment from Harrison Varma - sufficient to buy four two-bedroom apartments in cheaper parts of the borough. The deal comes despite a council target that all new

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developments of over 10 homes must include 40% affordable units.

Anil Varma, co-owner of the development firm, defended the arrangement saying that given the cost of land and the returns expected by private investors (profits of 17.5% are forecast for the scheme on The Bishops Avenue), affordable housing was not viable.

He accepted that affordable housing was desperately needed but said: “If you don’t get a deal with investors you don’t get anything built.” He added that over the course of the project the rate of return worked out at about 5% a year.

The viability assessment argued that the £2m luxury flats would make “a valuable contribution toward housing provision” in Barnet. However the median annual salary in the borough is just under £30,000.

The Bishops Avenue is popular with foreign buyers and investors and many plots stand empty or derelict after being left **unused for years**.

But Varma said that if affordable housing was mandatory without viability assessments on such high-value sites “people who own the land won’t sell it, they will sit on it”.

He said the scheme would make a “phenomenal” contribution to the economy, including £26m in stamp duty receipts, 25% tax on any profit made, 265 construction jobs for two years and a community infrastructure levy of over £3m

He said he was not avoiding any affordable housing obligations, that the calculations were scrutinised by the council’s own experts and were published. “We are not developers making vast amounts of money,” he said, pointing out he had previously made substantial losses.

A spokesperson for Barnet said providing affordable housing was integral to its housing plan.

“In the past 10 years, 3,500 affordable homes have been built in Barnet as part of housing schemes,” they said. “We are on track to offer 800 more new affordable homes for rent by 2024.”