

**DIRECTOR DECISION – DD170**

**Title: Viability Review for Planning Application at Holiday Inn Express**

**Executive summary**

A major planning application was submitted by GMD Developments Ltd (“the applicant”) to OPDC on 14 March 2023 for the site at Holiday Inn Express, Victoria Road in North Acton.

The proposal comprises the demolition of the existing hotel and redevelopment of the site through construction of a 35-storey building comprising 699 student bedrooms; and construction of a 17-storey building comprising 91 build-to-rent (BTR) residential units.

The applicant is proposing that the residential element of the proposal provides 35% affordable housing (by habitable room); however, all of the student bedrooms proposed are to be let at market rates. As such, the application does not meet the ‘Fast Track Threshold’ for affordable housing, as defined in the London Plan.

Therefore, as part of the ‘threshold approach’ to applications set out in London Plan Policy H5, a Financial Viability Appraisal (FVA) prepared by Quod (dated March 2023) was submitted alongside the application.

The OPDC requires an independent and detailed review of the submitted FVA to assist in securing the maximum public benefit from the development including the maximum reasonable amount of affordable housing.

**Decision**

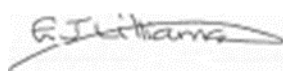
The Director approves:

- i. Expenditure of £15,000 on external consultancy services to produce an independent review of the Financial Viability Appraisal submitted in support of a major planning application at Holiday Inn Express, Victoria Road, North Acton.
- ii. Receipt of £15,000 from the applicant to meet, in full, the costs of the above by way of a discretionary contribution.

**Authorising Director**

I do not have any disclosable interest in the proposed Decision. It is consistent with OPDC’s priorities and has my approval.

**Signature:**



**Date:** 21.04.2023

## **PART 1: NON-CONFIDENTIAL FACTS AND ADVICE**

### **Background and context**

- 1.0 A major application was submitted by GMD Developments Ltd (“the applicant”) to OPDC on 14 March 2023 for the site at Holiday Inn Express, Victoria Road in North Acton.
- 1.1 The proposal comprises the demolition of the existing hotel and redevelopment of the site through construction of a 35-storey building comprising 699 student bedrooms; and construction of a 17-storey building comprising 91 BTR residential units. The proposal also includes ground floor commercial/retail units and associated works of amenity space, public realm, landscaping.
- 1.2 OPDC Local Plan policy SP4 ‘Thriving Communities’ sets an overarching 50% affordable housing target (by habitable room) for the OPDC area, subject to viability, and Local Plan policy H2 ‘Affordable Housing’ supports the threshold and viability approach set out by Mayoral policy and/or guidance. London Plan policy H4 ‘Delivering affordable housing’ sets a strategic target for 50% of all new homes delivered across London to be genuinely affordable. London Plan policy H5 ‘Threshold approach to applications’ sets a threshold level of affordable housing at a minimum of 35% or 50% on public sector land or specified industrial designations where the scheme would result in a net loss of industrial capacity. The affordable housing threshold for this particular site is 35%.
- 1.3 If an affordable housing offer of less than the relevant threshold is made, the application is subject to the ‘Viability Tested Route’ and applicants are required to submit a viability appraisal in support of the application, for review by OPDC.
- 1.4 The applicant is proposing that the residential element of the proposal meets the affordable housing threshold of 35% (by habitable room); however, all of the student bedrooms proposed are to be let at market rates. As such, the application does not meet the ‘Fast Track Threshold’ for affordable housing, as defined in the London Plan.
- 1.5 Therefore, as part of the ‘threshold approach’ to applications set out in London Plan Policy H5, a FVA prepared by Quod (dated March 2023) was submitted alongside the application.
- 1.6 The expertise required to undertake a robust assessment of the FVA is not available within OPDC, so it is therefore necessary to procure an external consultant to provide this support.

### **The proposal and how it will be delivered**

- 2.0 The OPDC requires an independent review of the submitted FVA to assist in securing the maximum public benefit from the development including the maximum reasonable amount of affordable housing having regard to appropriate planning policy and guidance (including the London Plan 2021 and Mayor’s Affordable Housing and Viability SPG 2017).

- 2.1 If it is determined that the proposal does not provide the maximum reasonable level of affordable housing, then the advice will set out what this level would be, having regard to other planning obligations.
- 2.2 The advice will be delivered in a detailed report which will include a review of the information contained within the submitted FVA and conclusions as to whether it is of sufficient detail to allow for an accurate assessment. Commentary will also be provided on appraisal assumptions including build costs; site specific characteristics; assumed profit rates/benchmarks; and the approach to the Benchmark Land Value.
- 2.3 A quote for this work has been obtained from BNP Paribas Real Estate (BNPPRE). BNPPRE have provided similar services to OPDC on several previous occasions and have demonstrated their ability to carry out and deliver work to a high standard and on time. They have also demonstrated good value for money against other suppliers when bidding for work on a competitive basis. They have the necessary expertise and capacity to undertake the work within the required timescales. A fixed fee quote of £14,250 has been provided, plus £350 for attendance at any meetings. The total cost of this work is not expected to exceed £15,000.

### **Objectives and expected outcomes**

- 3.0 This decision is seeking approval to engage suitably qualified consultants to undertake an independent review of a submitted FVA for a major development within the OPDC area. As set out in detail in paragraphs 2.1 to 2.3 above, this will provide robust evidence and advice on whether the scheme's affordable housing proposals are the maximum reasonable amount which can be delivered.
- 3.1 The outcome of this decision will contribute towards OPDC's objective of creating sustainable and lifetime communities by providing a range of housing types and tenures that meet local needs and that contributes to strategic needs, as well as promoting social cohesion and integration (ref: Local Plan policy SP4 'Thriving communities').

### **Strategic fit**

- 3.2 Undertaking the defined activities will support a number of existing and future OPDC workstreams including:
  - Delivering policies SP4 and H2 within OPDC's Local Plan; and
  - Delivering policies H4 and H5 within the London Plan.

### **Project governance and assurance**

#### External viability consultancy support

- 4.0 The appointment of a suitably qualified independent viability consultant will be in accordance with OPDC's Contracts and Funding Code. Any contract would be managed by the Principal Planning Officer with oversight from the Director of Planning and Head of Development Management.

## *Risks and issues*

The level of risk associated with this decision is considered to be low given the relatively short timeframes of the proposed works. Notwithstanding, delays in securing the above defined activities will impact on the timeline for negotiating on and determining the subject planning application. This might impede the officer's ability to negotiate on good outcomes in regards to public benefits and affordable housing; it might also result in difficulties/uncertainties regarding decision making at planning committee stage.

## **Equality comments**

- 4.1 Under Section 149 of the Equality Act 2010, as a public authority, OPDC must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation<sup>1</sup>, as well as to the need to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.
- 4.2 Securing appropriate financial viability advice in relation to this planning application will contribute to the delivery of the regeneration objectives for Old Oak and Park Royal, as set out in the OPDC Local Plan. Ensuring the development provides the maximum deliverable amount of affordable housing will increase the housing supply for people in housing need and on low incomes. No potential adverse impacts on protected groups or others have been identified as a result of this decision.
- 4.3 The review conducted by external consultants will also be published on the public register for full transparency.

## **Other considerations**

- 5.0 There are no other considerations that need to be considered in the taking of this decision.

## **Conflicts of interest**

- 6.0 No one involved in the preparation or clearance of this Form, or its substantive proposal, has any conflict of interest.

## **Financial comments**

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<sup>1</sup> The protected characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status. Fulfilling this duty involves having due regard to: the need to remove or minimise any disadvantage suffered by those who share a protected characteristic or one that is connected to that characteristic; taking steps to meet the different needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low. Compliance with the Equality Act may involve treating people with a protected characteristic more favourably than those without the characteristic. The duty must be exercised with an open mind and at the time a Decision is taken in the exercise of the OPDC's functions.

- 7.0 There is no overall/net budgetary impact to OPDC from this study. Initial expenditure of up to £14,250 for the study plus £350 per meeting to be met from the 2023/24 Planning budget; the corresponding contribution of the same value from the applicant will be recognised under Cost Recovery, for which they have signed a commitment.
- 7.1 Any further expenditure will be subject to the Corporation's decision-making process.

### Summary timeline

- 8.0 The key steps that will need to be undertaken to deliver the proposal are set out below:

| Activity                             | Timeline                       |
|--------------------------------------|--------------------------------|
| Appoint consultants                  | April 2023                     |
| Draft report produced by consultants | End of April to early May 2023 |
| Officer review of draft report       | May 2023                       |
| Final report produced                | May to June 2023               |
| Project closure                      | June 2023                      |

### Appendices

- None

### Other supporting papers

- None

#### PUBLIC ACCESS TO INFORMATION

Information in this Form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA). OPDC aims to publish the Form within three working day of approval.

If immediate publication risks compromising the implementation of the Decision (for example, impacting a procurement process), it can be deferred until a specific date (when it will be published). Deferral periods are kept to the shortest length strictly necessary.

#### Part 1 – Deferral

Publication of this Part 1 is to be deferred: **No**

The deferral is until: N/A

This is because: N/A

#### Part 2 – Confidential information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in or attached to any separate Part 2 Form, together with the rationale for withholding the information at this time.

There is a separate and confidential Part 2 Form: **No**

## DECLARATIONS

**Drafting officer:** Patrick Harmsworth has drafted this Form in accordance with OPDC procedures, including for handling conflicts of interests, and confirms that:



**Advice:** The Finance team have commented on the proposal.



## CONFIRMATIONS

**Section 106 funding:** N/A

**SMT review:** This Decision was circulated to the **Senior Management Team** for review on [N/A](#).

### Chief Finance Officer

Financial and legal implications have been appropriately considered in the preparation of this Form.

**Signature:**



**Date:** 21 April 2023