

Our refs: 2014/2425 & PA/14/02011
GLA ref: D&P/1200c & 1200d/PS
Date: 22 September 2015

Justin Carr, BA (Hons), MA, MRTPI
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(Development Decisions)
Greater London Authority
City Hall
The Queen's Walk
London, SE1 2AA

Dear Justin,

Town and Country Planning Act 1990 (as amended)
Greater London Authority Act 1999
Town and Country Planning (Mayor of London) Order 2008

Site: Land known as Bishopsgate Goodsyard
Response to GLA Takeover Request

Thank you for the opportunity to comment on the letter from DP9 to the Greater London Authority regarding the above planning applications ("Applications") submitted on behalf of Bishopsgate Goodsyard Regeneration Limited ("the Applicant") to the London Boroughs of Tower Hamlets and Hackney ("the Boroughs") for the redevelopment of Bishopsgate Goodsyard ("the Site") dated 15th of September 2015.

The above mentioned letter constitutes a request to the Mayor of London to issue a direction under section 2A of the Town and Country Planning Act 1990 over these applications and to act as local planning authority for both applications. The request is made on the basis that the applications are both of 'Potential Strategic Importance' ("PSI") and that there is no realistic prospect of decisions being taken within a reasonable timeframe.

The Boroughs do not dispute the strategic importance of the applications. However, the letter makes a number of erroneous claims about the way in which the two Boroughs have handled the application to which a response is necessary and will be set out below. The applicant presents an over simplified summary of the concerns that were raised through the application consultation process. However, in our opinion this downplays their importance and the concerns that have been raised are much more fundamental and wide ranging than is suggested.

Decision Making Timescales

The decision making timescales for the Applications have been driven by the Applicant, although they are dictated to a large extent by the scale and complexity of the Application. As acknowledged by the Applicant there are a number of key outstanding issues that need to be resolved before a recommendation can be made on the Applications. These issues are integral to the substantive points raised by the GLA in the Stage 1 Response and the Boroughs' feedback in December 2014. These issues have been reiterated in the GLA's recently updated Stage 1 response.

Further to these outstanding issues there are also a number of inadequacies with the environmental information submitted with the Applications (within the EIA) such that, if planning permission was to be granted, such decision would be susceptible to challenge.

It is important to note that the Boroughs are currently considering significant revisions to the original submission, which involve a complete replacement of the submitted documents. The Boroughs have shown considerable and appropriate flexibility in agreeing to consider these revisions as a minor amendment to the ongoing application. The amendments effectively represent a fresh new application for the purposes of assessment, however both Council's took a pragmatic view that a fresh application would not be required. The amended application was not received in its entirety until the 4 August 2015, which is also when the Financial Viability Assessment (FVA) for the amended scheme was provided. It is worth noting that had this been a new application the 16 week statutory timeframe for a decision would not expire until the 24 November 2015.

The extent of the revisions necessitated a full re-consultation of the Applications. The Boroughs have received substantial levels of objections to the Applications. Objections have been received from residents and businesses alike as well various interest groups. In the large part the objections that have been received are well informed, raise pertinent issues and in some cases are supported by independent professional advice.

The letter from DP9 suggests that the Boroughs have not been forthcoming in providing feedback on the Applications, a statement which is strongly contested. The Boroughs have worked proactively with the Applicants throughout the process making relevant officers available for meetings and providing feedback on key issues. The issues that have been raised during the life of the application to date are, on the whole, not new and have been consistently raised by the Boroughs, their independent consultants and independent design review panels. The failure of the applicant to address these issues prior to both the original submission and submission of the amendments to the Application has made the consideration of the proposals more challenging.

The letter from DP9 states that the Applicant has received no feedback from the Boroughs following the closure of the statutory consultation period. It is perhaps worth mentioning that the letter is dated the 15 September 2015, which is just three full working days from the date that the Boroughs received the GLA's Stage 1 Update and is a day after the scheme was presented to Tower Hamlets Design Review Panel. Notwithstanding this, the Boroughs must await further resolution on outstanding matters (that the Applicant is fully aware of), before formulating their final position on the application. Further details of these matters are set out below.

Affordable Housing

As noted in the Stage 1 Update a key outstanding issue remains the provision of affordable housing in terms of the maximum reasonable amount of affordable housing that the scheme is able to sustain in the context of viability testing.

The DP9 letter glosses over the significantly different approaches to viability adopted by DS2 (on behalf of the Applicant) and BNP Paribas Real Estate ('BNPPRE'), advising the boroughs.

The most significant issues are as follows:

- Approach to land value
- Approach to assessing future changes in costs and values.

DS2 have adopted an approach to land values based on prices paid for other sites in the two boroughs. However, the sites selected are not reflective of the complexities of the BGY site and nor are they affected by the extent of abnormal costs that any development on BGY will incur. This has been an issue of considerable debate and a key sticking point in discussions. There is little substantiating evidence for the claimed land value which has significantly delayed progress.

Discussions have also been protracted due to DS2's lack of sensitivity testing on the future trajectory of values and costs and the impact this would have on the ability of the scheme to provide affordable housing. This has resulted in significant additional work for BNPPRE in adjusting appraisals to take account of future changes in values, in line with the Mayor's Draft Interim Housing SPG. DS2's revised report replicates the approach adopted in their first report, which will again necessitate additional work for BNPPRE.

DP9's letter incorrectly suggests that BNPPRE committed to issuing a response to their revised assessment in mid-August. The revised appraisal was issued after a meeting between the parties was held on 3 August.

Given that the scheme had changed significantly, with a need to review all inputs afresh, including build costs, it is completely unrealistic for the Applicant to expect this exercise to be completed within two weeks. Furthermore, the Applicant was informed at the same meeting of the need for further information on Rights to Light

('RTL') issues and a meeting with the Applicant's RTL advisor was not convened until 18 August. At the time of drafting this letter, BNPPRE are still waiting for the report that the Applicant's RTL advisor undertook to provide.

The revised DS2 report includes a new cost plan provided by Gardiner & Theobald, which is currently being reviewed by WT Partnership on behalf of the boroughs. The scale of the scheme and its various complexities make this a complex exercise and timescales are consequently longer than typical schemes. However, WTP expect to provide their findings within the next two weeks. Following receipt of WTP's report, BNPPRE will then be completing their report within a further two weeks (i.e. mid-October).

Given that a substantial amount of work has already been completed while considering the viability of the previous application, the assessment of the revised scheme can be completed in a more compressed timescale. However, the boroughs attach significant weight to the provision of affordable housing and it is vital that the viability issue is given all due consideration. This is particularly important while the advice from DS2 and BNPPRE are so far apart. DS2's position is that the scheme cannot provide any affordable housing, which would be unacceptable for a major central London site of this scale.

It is noted that the Mayor of London has also raised significant concerns over the approach to affordable housing and in the updated Stage 1 response has noted that a robust exceptional case for the off-site provision to affordable housing in Hackney has not been made and further evidence should be provided on why affordable housing cannot be provided on site.

Further to the above the Boroughs consider that DP9 have misrepresented the data concerning housing delivery to claim that they have been failing to meet housing delivery targets. During the 2013/14 year London Borough of Hackney delivered 1,120 net additional dwellings (conventional self-contained dwellings only) which was broadly in line with the London Plan annualised monitoring target of 1,160. However, dips in the delivery of housing are likely to emerge from time to time due to economic conditions, which is why it is important to measure housing growth over the longer term. The London Plan itself sets housing monitoring targets over a 10-year period.

In the past 6 years, including the current reporting year, the Borough has helped deliver 8,307 net additional dwellings (conventional self-contained dwellings only), which compares favourably with the London Plan target of 6,735 over the same period. Housing delivery in Hackney over this period accounts for 123% delivery of London Plan targets, making it one of the top performing boroughs in London in this regard. These figures do not take into account new student housing and the return of long-term empty homes back into use, both of which are recognised as contributors to achieving London Plan targets and have further exceeded the London Plan target over this period.

Similarly, as the GLA will be aware, the London Borough of Tower Hamlets has a substantial amount of housing that has planning permission and in the pipeline with

many of these sites coming forward. Tower Hamlets has a strong track record of delivering new housing through all sources and we are confident it will be able to meet the revised London Plan housing targets. Tower Hamlets has consistently received the highest amount of new homes bonus from the government than any other local authority in the Country.

Environmental Statement

An Environmental Statement (ES) has been prepared by URS on behalf of the Applicant to support the Applications. LUC have been commissioned by the Boroughs to provide a critical review of the ES. An Interim Review Report (IRR) was prepared by LUC on behalf of the Boroughs and issued to the Applicants on the 17th of December 2014. The IRR raised a number of clarifications and potential Regulation 22 requests. The Applicant informed the Boroughs that the amendments would be submitted with a revised ES that would address these requests. LUC have reviewed the revised ES and a Final Review Report (FRR) was issued to the Applicant on the 25th of August 2015. A large number of the clarifications and potential Regulation 22 requests have not been addressed by the revised ES.. At the time of writing the Applicant had not responded to the FRR and therefore the Regulatory Compliance of the ES is an outstanding issue.

Design Review Panel

Given the scale of the proposed development and the sensitivity of the site context the Boroughs consider it appropriate to present the revised proposals to their respective Design Review Panels (DRP). On the 7th of August 2015 LB Hackney proposed a session to be held on the 1st of September 2015. The Applicants declined this session and an alternative date of the 17th of September 2015 was agreed. This was the earliest date that the Applicant could agree to despite considerable flexibility shown by LB Hackney on the date and venue. The Applicant presented the revised proposals to the DRP of LB Tower Hamlets on the 14th of September 2015.

Next Steps

Both Boroughs have a proven track record, appropriate resources and relevant expertise in dealing with large, complex and challenging sites within reasonable timescales. In the London Borough of Hackney Woodberry Down (22.7ha), Principal Place (1.28 ha) and the Stage (1.12ha) are all such examples. In the London Borough of Tower Hamlets Goodman's Fields (3.65 ha), London Dock (5.78 ha), Blackwall Reach (7.2 ha), Wood Warf (7.26 ha) and Crossharbour Town Centre (4.89 ha) are all relevant examples.

In this case the timescales have been driven by the Applicant and as outlined above there are a number of key outstanding issues to still to be resolved. Progress continues to be made and the Borough's are optimistic that the requisite steps can be taken swiftly to enable a recommendation to be made to their respective planning committees. Given the scale and public interest in the proposals and the fact that the Site straddles the Boroughs boundary, each Borough intends to hold a special

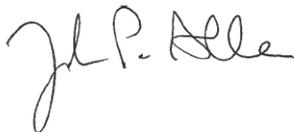
Committee to consider the applications. The Boroughs have been working together to co-ordinate the logistics of holding two extra committees, and following discussions in July, both have been working towards these being held in close succession in November 2015, which is the earliest potential date.

The Boroughs have a thorough understanding of the site and the proposals and believe firmly that they should have an opportunity to determine the applications. In terms of timescales it is unlikely that the GLA would be able to resolve the outstanding issues and make a decision before November. In any event, both Boroughs will continue to work proactively to ensure the appropriate level of development comes forward on this strategically important site.

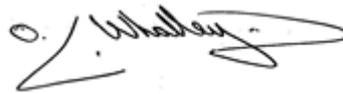
We respectfully request that the contents of this letter are brought to the attention of the Mayor for London and are carefully considered in his determination on whether to exercise his powers under the above Order.

We look forward to hearing from you at the earliest opportunity.

Yours sincerely,



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