

RAPLEYS

Appeal Statement for
Rooms and Studios Management Ltd

**PANDA HOUSE
628-634 COMMERCIAL ROAD
LONDON
E14 7HS**

19 June 2020

Our Ref: SOW/16-00972

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1 **QUALITY ASSURANCE**

This report has been prepared within the quality system operated at Rapleys LLP according to British Standard ISO 9001:2008.

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2 INTRODUCTION

- 2.1 This Appeal Statement (the “Statement”) has been prepared, on behalf of Rooms and Studios Management Ltd, in response to a refusal of planning permission for the Demolition of existing building and erection of a building of seven storeys, inclusive of two set back floors, plus a lower ground floor to provide 109 rooms for short-term hostel and HMO accommodation at Panda House, 628-634 Commercial Road, London, E14 7HS (Site Location Plan attached at Appendix 1).
- 2.2 This Statement relates, and is submitted in support of, an Appeal (the “Appeal”) pursuant to Section 78 of the Town and Country Planning Act 1990 (as amended).

STRUCTURE OF STATEMENT

- 2.3 This statement will address the reasons for refusal and includes the following chapters:
- Grounds of Appeal.
 - Planning Considerations.
 - Conclusions.
- 2.4 Please see the Statement of Common Ground for the following details:
- The Proposals and Documentation (Chapter 2).
 - Site and Surroundings (Chapter 3).
 - Planning History (Chapter 4).
 - Background to the Refused Application (Chapter 5).
 - Planning Policy (Chapter 6).
- 2.5 The submission concludes that the proposed development is appropriate, and planning should be granted.
- 2.6 A Public Inquiry was requested by the applicant however, following communication between the interested parties, the Planning Inspectorate decided that the appeal will proceed via way of a Hearing. This updated Statement of Case has been submitted following submission of the appeal and should now superseded the version dated 26/03/2020.

3 GROUNDS OF APPEAL

3.1 The Grounds of Appeal, which are detailed within the Appeal form, are as follows:

1. In the context of Section 38(6) of the Planning and Compensation Act 2004, the development is in accordance with the adopted Development Plan and, in the absence of material considerations that would indicate otherwise, planning permission should be granted.
2. On the basis that the Proposal is in accordance with the development plan, paragraph 11 (C) of the NPPF applies and planning permission should be granted for the Proposal without delay.

3.2 The Grounds of Appeal, with with regards to the specific reasons for refusal are:

1. Reason 1 - Need - HMO need was demonstrated in the originally submitted Planning Statement (dated 05 April 2019) and the formal response document submitted to the Council on 17 October 2019. Notwithstanding this, the appellant submits a needs assessment as part of the Appeal.
2. Reason 1 - Affordability - The appeal proposal provides low cost flexible housing. A viability report was submitted to show the scheme cannot provide affordable housing. Additionally, the appellant has sought further independent advice in response to the committee report
3. Reason 2 - Design - The proposals are sympathetically designed and preserve the character and appearance of the Conservation Area and the setting of the nearby listed buildings. The Committee Report included a negative and misleading portrayal of what has been proposed at the site, it included superseded GCI's which had been amended following consultation feedback. The appellant has also provided a further response as part of the appeal which addresses officers' concerns within the committee report.
4. Reason 2 - Archaeology - No Archaeology Assessment was required by the Council at registration or highlighted to the Applicant by Officers that such had been requested by the Greater London Archaeology Advisory Service during the determination of the planning application. A desktop study has been provided as part of the appeal submission.
5. Reason 3 - Amenity Space - extensive justification was included within the application, with several amendments to the originally submitted Design and Access Statement (dated 05 April 2019). The appellant has also provided a further response as part of the appeal which addresses officers' concerns within the committee report.
6. Reason 4 - Transport - The supporting Design Response Document responds to comments raised in terms of transport. Transport for London has 'no objection' to the scheme, subject to conditions relating to a delivery/servicing and construction logistics plan. There were no comments provided by the Council's Transport and Highways Officer prior to the publication of the Committee Report. A transport note has been provided which addresses officers concerns.
7. Reason 5 - Cycle Parking - Transport for London has no objection and, this was not raised by officers prior to publication of the officer's report. The officers report inaccurately

describes the provision being made. Nevertheless, where appropriate, this can be dealt with via condition.

8. Reason 6 - Air Quality - No air quality report was sought as part of the application registration. Appropriate justification and evidence were provided in the originally submitted Planning Statement (dated 05 April 2019). Planning conditions were suggested by the Council's Environmental Health Officer that the Applicant agreed to. The preparation and submission of an Energy Strategy could also be appropriately conditioned.
9. Reason 7 - S106 - No S106 discussions were arranged because the Council was minded to refuse the application in the first instance. The Appellant is willing however, to discuss and agree appropriate contributions with the council

Expansion of Grounds of Appeal

- 3.3 In addition to the above grounds, this Statement will set out in more detail why the LPA's decision to refuse the application was unjustified in terms of national and local policy, and accordingly, why the Appeal should be allowed.

4 PLANNING CONSIDERATIONS

4.1 The Appellant's Case is reviewed in the following subsections which address why the LPA's reasons for refusal of the Proposal are not substantiated, and why planning permission should be granted.

NEED (REASON 1)

4.2 The need for HMO was demonstrated clearly within the originally submitted Planning Statement (dated 05 April 2019) and the formal response document submitted to the Council on 17 October 2019. Within these documents, it outlined that the hostel is operating at a high capacity, and the provision of additional rooms would fulfil latent demand. Additionally, a Management Plan clearly defining the intended use was also provided as part of the submission.

4.3 Within the Officer's report to committee, the Officer suggests that the Applicant considers a scheme at 765-785 Commercial Road as an exemplar. On this basis, it is clear from reviewing paragraphs 10.33-36 and 10.43 that it is expected there is a need for shared living in large HMOs. Additionally, despite being a new concept, it is supported by the Local Plan. Paragraph 10.43 states "It is considered that the proposed 'non-conventional' shared housing use (Sui Generis) is supported in principle by the development plan as it would increase housing supply, would not involve the loss of existing larger housing suitable for family occupation and has the potential to relieve pressure within the private rental sector." In the appellants view the same circumstances apply to their proposals

4.4 A more detailed needs assessment has been and is attached at Appendix 2. In summary:

- There are an estimated 25,430 'sharers' living in Tower Hamlets and this figure is projected to grow 17% to 29,715 by 2024.
- Tower Hamlets Borough Council estimates that there are HMO licenses against 9,000 properties (Local Authority Housing Statistics 2018/19), providing an estimated 20,700 HMO licensed bed spaces.
- There is an estimated shortfall of 4,730 HMO bed spaces across Tower Hamlets. This means that there are 4,730 sharers potentially living in overcrowded and unregulated shared accommodation in Tower Hamlets.
- The projected supply-demand imbalance is expected to widen further over the next five years with an estimated 9,015 'sharers' unable to access licensed HMO accommodation in Tower Hamlets.

4.5 Considering the above, the appellant has identified a specific need for this type of development and therefore, satisfies policy D.H7 1a. Furthermore, and in-line with policy D.H7, the proposals do not result in the loss of existing large housing for family occupation, is located in a very accessible location, does not give rise to significant amenity impacts and complies with the relevant space standards.

4.6 Considering the above, the proposals fully comply with the previous conclusions of the LPA (in regards to 765-785 Commercial Road) and as such, Policy DH7 of the Local Plan. On this basis, and in line with paragraph 11 (C) of the NPPF, planning permission should have been granted without delay.

AFFORDABLE HOUSING (REASON 1)

- 4.7 Firstly, officers outline that the *'proposed rental levels do not meet the need of people of low incomes and as such would not contribute towards meeting the borough's affordable housing need as required by policy D.H7'* and have provided the London affordable rent and Tower Hamlets Living Rent as comparison figures.
- 4.8 In considering the above, Policy D.H7 1c outlines that new HMO's will be supported where they can be secured as a long-term addition to the supply of low cost housing, or otherwise provides an appropriate amount of affordable housing.
- 4.9 The submitted needs assessment (Appendix 2) has considered market analysis and affordability. In summary it concludes, across all demographics:
- 13,541 PRS households (98%) in the local area could afford to rent a single room in Panda House, whilst only 87% could afford to rent the average Tower Hamlets studio.
 - 13,385 PRS households in the local area (97%) could afford to rent a Panda House double room and 100% of the local area's PRS households could afford to rent a double room on a per bed basis.
 - A single room in Panda House, which costs £1,000 per calendar month (pcm) is cheaper than a single person renting a studio flat (£1,721), a one bed flat (£2,118) or renting a room in a two or three bed property (£1,404 pcm or £1,259 pcm respectively).
 - Panda House becomes more affordable still when you compare with the average rents for short-term rental properties in Tower Hamlets, where a single person would have to pay £1,972 pcm on average for a room in a two bed property and £2,313 pcm on average for a room in a three bed property.
- 4.10 Overall, affordability is higher for the Panda House rents in comparison to the Tower Hamlets average asking rents and therefore, it is concluded that the proposals provides a supply of low cost housing which can provide housing with shared facilities for low incomes. From the evidence presented the proposals could cater for 98% and 97% of relevant households within the borough.
- 4.11 Therefore, it is considered that proposals provide an appropriate option for low cost housing in line with Policy DH7. Additionally, and in-line with Policy S.H1, the proposal meets the needs of specific group of people, while also supporting a variety of housing products in the market. Similarly, the regeneration improves social facilities and environmental amenity in line with the strategic policy approach.

VIABILITY (REASON 1)

- 4.12 A viability report was submitted as part of the application and, in summary, concluded the scheme cannot provide any element of affordable housing. That being said, the Councils viability officer raised concerns with the assessment which were only shared with the applicant's agent within the officer's report. Within this report, no detailed calculations or evidence is provided. Instead, it outlines a high level concern that the modelled affordable housing figures (35% and 0%) both demonstrate shortfalls of 6.88m and 6.29m and therefore, the proposed scheme is either not deliverable in reality or the information is inaccurate.
- 4.13 In response to their comments, the appellant has sought further independent advice from James R Brown, who has produced a viability note attached at Appendix 3.

4.14 In summary, Mr Brown firstly raises procedural concerns with the viability conclusions outlined within the officer's report. Notwithstanding these, and with the limited evidence presented by LBTH, Mr Brown has concluded:

- I would not agree that £6.88m is similar to £6.29m as a difference of £590,000 is significant.
- Based upon all of the evidence and information within the report, I am not convinced that the EUV of the subject property is £8m. Instead a EUV of £5.89 is concluded.
- The Rapleys Viability Report is; substantially accurate, justified with evidence and its general conclusion is reasonable. The only part not agreed is the BLV.
- If the BLV is reduced to circa £5.89m and if sensitivity tests are then considered, it can be appreciated how and why the scheme is deliverable.
- LBTH had and has no reasonable grounds to oppose the Appeal Scheme on the grounds of viability and have not presented any evidence to justify their claim.

4.15 It is considered that proposals provide an appropriate option for low cost housing in line with Policy DH7. In regards Policy D.H2, the submitted viability report confirms that the scheme is unable to provide any affordable housing and as such, officers comments in regards to mix/tenure fall away.

4.16 Additionally, in-line with Policy S.H1, the proposal meets the needs of specific people while also supporting a variety of housing products in the market. The regeneration also improves social facilities and environmental amenity in line with the strategic policy approach.

IMPACT ON CONSERVATION AREA (REASON 2)

4.17 The application was accompanied by extensive justification with several amendments to the originally submitted Design and Access Statement (dated 05 April 2019). The most recent document submitted was the "Design Response Document" submitted on 17 October 2019, which responded to all comments raised by the Council's Design Officer.

4.18 The proposed Commercial Road primary façade forms a respectful step between its flanking buildings. The proposal is lower than the previously consented scheme in terms of the elevation immediately fronting Commercial Road. The upper floors are some 3.6m set back from the street facing elevation and have minimal impact on views of the Church.

4.19 The appeal is supported by a Heritage note (Appendix 4) with responds to the officer's comments in the report. In summary:

- Seven-storey buildings are appropriate in this location.
- The Our Lady Immaculate & St Frederick Church has always been seen within an urban context.
- The church will not lose its landmark position and the proposals allow the tower to be read as the most prominent tall and standalone feature in the townscape.
- The deep setback of the upper floors of the proposal ensure that in views from the street they do not compete with the church tower
- Overall, they do not agree that the scale, height, massing and fenestration would have a harmful impact on the wider conservation area.

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- 4.20 Given the local context and the restricted views of the church (by the railway viaduct from the west) it is only the view from the east side of the railway viaduct where any part of the tower of the Church is affected by the proposed development. This view is severely restricted and is not a true reflection as you walk along the street. The design of the proposals protects the views of the Church, the setback top floor allows for direct sight of the Church Tower as you travel under the railway.
- 4.21 As a result, there is no harm to the setting of the church or the wider Conservation Area. The replacement of the existing building on site is in fact an enhancement. There is no impact from the proposals on any listed buildings.
- 4.22 In this regard, it is considered that the proposal complies with Local Plan Policy S.DH3 and London Plan Policy 7.8. Indeed, the Appellant considers that the updated proposals go further and actually enhance the wider Conservation Area and setting of the listed building compared with the existing built form.
- 4.23 Turning to the NPPF, the reason for refusal notes paragraph 196. In this regard, the LPA consider that the proposals would lead to less than substantial harm. On this basis, and if this worst case position is taken, which the appellant strongly disagrees with, the degree of harm is minimal and the planning benefits (discussed in more detail below) outweigh the extent of argued heritage harm.

DESIGN (REASON 2 & 3)

- 4.24 In regards to the design more generally, officers outline that the proposals fail to secure a high quality design (part 2 reason for refusal 2) and also, fail to provide adequate lit communal indoor amenity space (reason 3). These comments are not accepted and have been fully addressed in the attached design note (appendix 5) which responds to comments within the officer's report. However, in summary:
- The officers report includes outdated information which is misleading
 - Buildings surrounding the proposed site and are similar in scale to the proposal. The revised scheme scale is within the range of building heights located within the vicinity of the site and within and on the edge of the St Anne's Conservation Area.
 - The maintenance of the existing building line, along Commercial Road, previously agreed by the council as acceptable and therefore, is still acceptable in the appellants view.
 - The proposed design meets the council policy space standards, is well articulated and set out. The building is arranged on the site to respect the locality in terms of building line and internally it is arranged in a logical and legible fashion.
 - From review of the comments, the only area of concern can be the top two floors which are set back. On this basis, the setback is such that the upper parts of the building are barely visible from Commercial Road.
 - The height, bulk and mass are similar to other buildings in the locality. The form is sympathetic to the locality.
 - The current building occupying the site is a negative contributor to the Conservation Area. In contrast the proposal is for a high quality replacement.

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- Adequate lit communal space. The Appellant can confirm that the building regulations lighting levels can be achieved, and compliance would be demonstrated through detailed design at that stage
 - There is adequate provision for kitchens in terms of the HMO standards and other policy requirements.
- 4.25 Overall, the design was adapted to reflect officer feedback and it now represents a development which has been enhanced and improved.
- 4.26 As such, and considering the principles outlined in the London Plan policy 3.5, it is considered the proposals should be supported. The proposals take into account the local character (London Plan policy 7.4) by utilising similar design features. The scale and massing reflect the the surrounding area, similar height buildings are common with the vicinity of the site. All units are adequately sized and have convenient and efficient layouts which are functional and fit for purpose.
- 4.27 In regards to daylight and sunlight, adequate lighting levels can be achieved throughout. Additionally, the proposals are in accordance the relevant HMO standards and ensure, acceptable outlook, noise levels and pollution in-line with Policy D.DH8.
- 4.28 In regards to policy D.DH2, the proposals utilise the existing built footprint and the improved design allows for enhanced permeability and legibility. Which in turn, improves the attractiveness of the street and space.
- 4.29 Overall and in accordance with London Plan policy 7.6, the accompanying design document at Appendix 5 notes, there is no universal ‘good design standard’. The proposed design meets the council policy space standards, is well articulated and set out. The building is arranged on the site to respect the locality in terms of building line and internally it is arranged in a logical and legible fashion in accordance with the design principles outlined in chapter 12 of the NPPF.

ARCHAEOLOGY (REASON 2)

- 4.30 No Archaeology Assessment was required by the Council at registration. Further, there was not any consultation comments posted on the application portal or highlighted to the Applicant by Officers that such had been requested by the GLASS during the determination of the planning application. Notwithstanding this as a point of fact, the existing property has a basement and the appeal proposal is unlikely to disturb new ground.
- 4.31 A desk top study has been provided as part of the appeal (Appendix 6) and it confirms matters can be dealt with by way of an appropriately worded planning condition. The presence of the existing building and basement, across the entire footprint of the Site, means that any required site works could only take place post-planning consent. As such, the proposals are in accordance with policy S.DH3.

TRANSPORT (REASON 4 & 5)

- 4.32 The supporting Design Response Document responded to comments raised in terms of transport. Transport for London has ‘no objection’ to the scheme, subject to conditions relating to a delivery/servicing and construction logistics plan. There were no comments provided by the Council’s Transport and Highways Officer prior to the publication of the Committee Report.
- 4.33 Additionally, please see attached transport note at Appendix 7 which, in summary, outlines:

- Parking (including disabled) and refuse collection proposed is adequate and allows for safe circulation. Notwithstanding this, a private waste contractor can use a small refuse vehicle that is suitable for the roads surrounding the site, thereby avoiding any impact on the amenity of pedestrians using the footways
- The low servicing demand for the site means the proposal, which utilise the existing loading/drop off areas, is acceptable. When a vehicle is parking alongside the development on Island Row, other vehicles will still be able to pass to access commercial road - this is set out in the management plan.
- The development will be permit-free, with guests of the hostel and HMO being unable to apply for an on-street parking permit.
- Access to the cycle store in the basement is via a platform lift situated alongside the western elevation of the development on Island Row. Access at street level is expected to be controlled by staff at the development's reception desk. Cyclists would use an intercom near the lift to speak to the receptionist who would activate the lift and monitor access. The store will only be accessed by staff and guest storing their cycles, and also staff making use of the storage area. This arrangement would not result in a significantly higher risk to the security of cycles in the store.
- The proposed development is expected to have a negligible impact on the surrounding highway network in terms of trips generated, when compared to the extant use at the site.
- Cycle parking in accordance with the C1 (hotel) standards was deemed acceptable to TfL.

4.34 Considering the sustainable location of the site and cycle parking arrangements, the proposals are in accordance with Local Plan Policy S.TR1 and D.TR3 and London Plan Policy 6.9 and 6.13. Additionally, as noted above, the proposals are considered to have a negligible impact on the highway network in terms of absolute trips and therefore, is in accordance with Local Plan Policy D.TR2 and D.TR4 and London Plan Policy 6.12.

4.35 Further, in line with policy D.H7 more generally, the proposals do not result in the loss of existing large housing for family occupation, is located in a very accessible location, does not give rise to significant amenity impacts and promotes sustainable travel.

AIR QUALITY (REASON 6)

4.36 No air quality report was sought as part of the application registration. Appropriate justification and evidence were provided in the originally submitted Planning Statement (dated 05 April 2019). The proposal promote sustainable travel, are car free and include appropriate design to protect the amenity of residents. Planning conditions were suggested by the Council's EH Officer that the Applicant agreed to. Additionally, the preparation and submission of an Energy Strategy could also be conditioned.

4.37 Considering the above, it is considered the proposals in accordance with London Plan Policy 7.14 and Local Plan policy D.ES2.

S106 (REASON 7)

4.38 No S106 discussions were arranged because the Council was minded to refuse the application in the first instance. The Appellant is willing however, to discuss and agree appropriate contributions with the council

SECTION 38(6)

- 4.39 Considering the above, it is considered that the proposals are in accordance with the Development Plan. Therefore, in accordance with section 38 (6) of the Planning and Compulsory Purchase Act 2004, planning permission should be granted unless material considerations indicate otherwise. We have therefore considered other material considerations in the following subsections.

MATERIAL CONSIDERATIONS - PLANNING BENEFITS

Social

- 4.40 The proposals will deliver a high quality hostel and HMO accommodation for which it has been illustrated there is a high demand. The regeneration of the site, which will assist in meeting a housing need in line with LBTH Policy S.H1, will improve the overall quality of the site and thus contribute to a vibrant and more attractive local area.
- 4.41 The high quality interior build out and improved exterior design will modernise the unattractive existing building which, is currently negatively impacting on the surrounding locality. The redevelopment will integrate accessible design throughout thus improving the overall attractiveness of the site, as well as the wider housing stock. This in turn, will attract local professions to move to the area which is sustainably located near to existing commuter hubs.

Economic

- 4.42 The proposal will bring forward both direct and indirect local employment opportunities throughout the development cycle, including approximately 125 jobs throughout the construction phase and 18 directly employed throughout the operation of the site.
- 4.43 In addition to construction cost, which will generate circa 14 million, the proposals will directly result in circa 1.5 million of local spend expenditure.
- 4.44 As such, the proposal will bring substantial economic benefit, in line with LBTH Local Plan Policy S.EMP1, to its immediate surroundings and London more widely.

Environmental

- 4.45 The proposal will bring high quality housing development with environmental benefits to the currently outdated site. The proposed amenity space and roof design will include ecological and biological enhancements and the updated sustainable design will improve overall environmental efficiency in accordance with LBTH Local Plan Policy S.ES1.
- 4.46 Further, the design will protect the visual and residential amenity of existing and future residents, while also improving the sites relationship with the adjacent Church and listed properties. These environmental improvement's, along with economic and social, are demonstrated through the supporting technical reports prepared and submitted as part of this planning application and appeal.

MATERIAL CONSIDERATION - NPPF

- 4.47 As noted in the above planning considerations, the reasons for refusal are not substantiated and are, in fact, in accordance with National and Local Policy. Therefore, in accordance with paragraph 11 of the NPPF, planning permission should have approved without delay.

MATERIAL CONSIDERATION - EMERGING LONDON PLAN

4.48 The relevant emerging policies contained within the London Plan are not considered to material depart from the adopted London Plan and therefore impact on the determination of this appeal.

4.49 The appeal is in accordance with relevant policies:

- Policy H9 - Ensuring the best use of stock.
- Policy H16 - Large-scale purpose built shared living.
- Policy H5 - Threshold approach to applications.
- Policy HC1 - Heritage.
- Policy T1 - T9 - Transport.
- Policy D4 - D7 - Design

4.50 Considering the above, there are no policies which indicate that planning permission should be refused.

MATERIAL CONSIDERATION - HERITAGE

4.51 Considering the submitted heritage statement at Appendix 4, and notwithstanding that they conclude that no harm is caused to the heritage assets. Taking a worst case review, that some small level of 'less than substantial' harm is considered to occur, the below summarised planning benefits tilt heavily in the planning balance for planning permission being granted. The planning benefits include:

- Improvement in overall housing stock to assist an identified need.
- Improved design which will benefit the local character and also, the setting of the listed building.
- Direct and indirect employment benefits through construction and operation of the site.
- Increased local expenditure from future occupants.
- Improved sustainable design which will be more efficient and climate change friendly.
- Improved amenity space incorporating ecological enhancements.
- Improved design encouraging sustainable modes of travel with safe and secure cycle parking in accordance with relevant cycle standards.

4.52 The redevelopment of the site is considered to respect the neighbouring heritage assets and in fact, will be an improvement to what's on site currently. However, if it is argued that some small level harm is caused, the considerable benefits outlined above outweigh any preserved harm.

4.53 Additionally, in-line with paragraph 200 of the NPPF, the proposals preserve the setting of nearby heritage assets and make an overall positive contribution to the Conservation Area. It is therefore considered that the application should have been treated favourably.

PLANNING BALANCE

- 4.54 In summary, it is evident that the proposals are in accordance with the Development Plan and therefore, in accordance with section 38(6), planning permission should be granted unless material considerations indicate otherwise. In this context, the proposals are considered to generate substantial benefits, with reference to the three roles of planning (outlined above), which also support planning permission being granted.
- 4.55 Finally, the proposals are in accordance with emerging planning policy and therefore, this further tells in favour of why planning permission should have been granted without delay.

5 CONCLUSIONS

5.1 This Appeal has been submitted in response to the LPA's refusal of planning permission for the redevelopment of land Panda House, 628-634 Commercial Road, London, E14 7HS.

5.2 The Proposal constitutes appropriate development at the Site and should be supported for the following reasons:

- The Site is previously developed land and is in an accessible and sustainable location within the built up area where redevelopment to provide higher density is supported in principle.
- There is an increasing need for developments such as this proposal, the projected supply-demand imbalance is expected to widen further over the next five years with an estimated 9,015 'sharers' unable to access licensed HMO accommodation in Tower Hamlets.
- The proposals provide a supply of low cost housing which can provide housing with shared facilities for low incomes.
- LBTH has no reasonable grounds to oppose the Appeal Scheme on the grounds of viability and have not presented any evidence to justify their claim.
- The proposals respect the adjacent Church and nearby listed building, the design was adapted to reflect officer feedback and it now represents a development which is considered to enhance the nearby heritage assets. Further, even if it is considered there is some minimal associated harm, the planning balance weighs towards planning permission being granted.
- Overall, the design was adapted to reflect officer feedback and it now represents a development which has been enhanced and improved.
- A desk top archaeology study has been provided as part of the appeal and it confirms matters can be dealt with by way of an appropriately worded planning condition
- Parking (including disabled) and refuse collection proposed is adequate and allows for safe circulation.
- The low servicing demand for the site means the proposal, which utilise the existing loading/drop off areas, is acceptable.
- Appropriate cycle storage has been provided.
- No air quality report was sought as part of the application registration, and appropriate justification and evidence was provided in the originally submitted Planning Statement (dated 05 April 2019). These matters can be dealt with via appropriate conditions.
- The Appellant is willing to discuss and agree appropriate S106 contributions with the council
- The Proposal will bring a range of economic, social and environmental benefits to deliver a sustainable development in the local area.

5.3 In light of the above, the Proposal has been demonstrated to be consistent with the relevant planning policies and guidance at both the national and local level.

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- 5.4 In the context of s.38(6) of the Planning and Compensation Act 2004, the Proposal is in accordance with the Development Plan. Therefore, and considering no material considerations indicate otherwise, the NPPF confirms that planning permission should be granted without delay.
- 5.5 It is respectfully requested that that this Appeal is allowed.

Appendix 01

SITE LOCATION PLAN

NOTES:
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KEY

— APPLICATION BOUNDARY



LOCATION PLAN
 1:1250 @ A3

REV DESCRIPTION DRAWN CHECKED DATE

CREATE
 DESIGN + ARCHITECTURE
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CLIENT: CAPULET PROPERTIES LTD

PROJECT: PANDA HOUSE
 BUILDING: A
 ADDRESS: E14 7HS

DRAWING NAME: LOCATION PLAN

DRAWING SERIES: 00-SITE LOCATION PLAN

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PROJECT	ORIGINATOR	VOLUME	LEVEL	TYPE	ROLE	CLASS	NUMBER
189	- CDA	- A	- 00	- DR	- A	- 00	- 0100

Appendix 02

NEEDS STATEMENT

Interland Group

INNER EAST LONDON DEMAND STUDY

Panda House, 628 Commercial Road, E14 7HS

DEMAND ASSESSMENT & MARKET ANALYSIS

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EXECUTIVE SUMMARY

MARKET PERFORMANCE	DEMAND	SUPPLY	OUTLOOK
<p>Tower Hamlets has experienced strong rental growth of 1.73% per annum over the last 5 years to 2020 and is projected to grow 2.24% per annum over the next five years.</p> <p>Asking rents for short-term accommodation in Tower Hamlets are significantly higher than those for long term accommodation. This highlights a lack of supply of affordable short-term rental accommodation for those on lower budgets.</p> <p>House prices in Tower Hamlets have increased by 60% since 2010, and in the last year has outstripped wider markets. Prices in the borough have increased by 4% since 2018 compared to 1.3% across London as a whole.</p>	<p>There are an estimated 36,134 'sharers' living in the private rented sector in Tower Hamlets and this figure is projected to grow 10% by 2024.</p> <p>Tower Hamlets has the highest housing target in the adopted London Plan, however, over the last three years there has been an average annual shortfall of 695 homes.</p> <p>Tower Hamlets experiences high levels of inward and outward migration among young age cohorts, with 19,100 incoming and 18,236 outgoing individuals aged 20 to 34 in 2018, this represents a net growth through migration of this age cohort. In our latest UK Tenant Survey in section 1.3, we have identified this age cohort have highest propensity for sharer households.</p>	<p>Tower Hamlets Borough Council estimates that there are HMO licenses against 9,000 properties (Local Authority Housing Statistics 2018/19), providing an estimated 20,700 HMO licensed bedspaces. There are no schemes identified as co-living currently in operation within Tower Hamlets.</p> <p>There are approximately 16,089 private rented sector (PRS) properties within Tower Hamlets in the year to May 2020 – the lowest volume of listings in over five years (-25% compared to 2016/17).</p> <p>There are 17 PRS schemes currently under construction representing 8,119 units. There are no schemes identified as co-living in the development pipeline within Tower Hamlets.</p>	<p>There is an estimated shortfall of 15,434 HMO bedspaces across Tower Hamlets. Housing market evidence indicates that short term private rental listings and rental listing overall, have decreased year on year in the borough.</p> <p>If you consider the projected supply-demand imbalance over the next five years, the shortfall of HMO and co-living bedspaces is expected to widen even further with potentially 19,081 'sharers' living in non-purpose built accommodation in Tower Hamlets.</p> <p>As outlined in section 4.10.3 of the Draft London Plan, 'well-designed one- and two- bedroom units in suitable locations can attract those wanting to downsize from their existing homes', and as a result, has the 'ability to free up existing family stock.'</p>

1. INTRODUCTION

Knight Frank Research has been instructed by Interland Group Accommodation to produce a bespoke demand and needs assessment in support of a proposed short-term HMO/co-living development at Panda House, Commercial Road in Limehouse, East London (E14 7HS).

This report provides the following analysis:

- Overview of the private rented sector (PRS) market in the UK and London including renter culture
- Market performance and projections
- Demographic characteristics and nature of current demand
- Socio-economic characteristics
- Drivers of demand
- Supply

1.1 PRS Market Overview

There has been a shift towards the private renting sector within the UK housing market in recent years. Demand has grown significantly and is projected to increase further in the coming years.

Between the last two Censuses (2001 and 2011) the number of households in private rented accommodation in the UK increased by 1.8 million or 6.4% per year. Households privately renting now equate to c.5.4 million households (19% of the market). Knight Frank estimate that, if the conditions present during the last few years continue, the demand for rental accommodation in England could grow at a base rate of 3.7% per year.

In terms of supply, the private rented accommodation is largely made up of properties owned by private landlords, many of whom have one or two properties. Some of these private landlords turn to the practice of sub-dividing properties to maximize profits. This can create cramped living conditions but at a much more affordable rate for individuals.

The key reasons we identify as drivers of growth of the demand for privately rented accommodation over the last decade are outlined in [Figure 1](#).

Figure 1: Key reasons for growth in demand for privately rented accommodation

Structural Undersupply of Housing	Social
The UK has failed to build enough houses on a regular annual basis for decades, resulting in a shortfall of new supply relative to demand. Government figures state 241,335 net additional homes were added to England's housing stock during 2018-19 which is some way off the Government's aim of 300,000 new homes required annually to meet past and future demand. This factor has been compounded as average household size has decreased whilst the population has increased.	Although affordability is a key barrier to entry for home ownership there is an increasing requirement for flexibility in the location of where people live and work. People want to live in areas in which they could not afford to buy. There is also a growing cultural shift as people are delaying settling down for longer. These social considerations contribute to the expected 620,000 new rental households in the sector by 2024.
Political	Affordability
The government's reduction of tax relief on buy-to-let mortgages and the changes to stamp duty in respect to second homes, is impacting highly leveraged investors and prompting them to sell properties. Further to this, mortgage lending data shows that the number of new mortgages taken out by individual landlords has fallen over the last two years. This will give rise to a large number of tenants who were formerly housed by this sector needing good quality alternative accommodation to rent.	The house price to income ratio has been continuously growing since the financial crisis of 2008, an issue exacerbated by increasing difficulty in obtaining a mortgage. Consequently, this declining affordability has contributed to the number of renters significantly increasing to become the second biggest form of tenure after homeownership.

Source: Knight Frank Research

The UK PRS market is estimated to be worth £35bn, which is expected to grow to £75bn by 2025.

Figure 2: Value of the UK PRS Market



Source: Knight Frank Research

As the PRS market continues to evolve and establish itself in the UK, so segmentation of the market has been a clear trend of late. The splintering of the PRS sector into distinct asset type sub-categories that correlate with the life-cycle of renters from co-living and multifamily/apartment schemes which target the younger demographic, to single family housing schemes aimed at those aged 35+, through to an offering targeting those aged 55+ who are seeking to downsize is becoming apparent. The PRS sub-categories are outlined in [Figure 3](#).

Figure 3: PRS Sub-Category Summary

Buy to Let	Multi-family
<p>The buy to let/private landlord sector still forms the largest part of the private rented sector in the UK and consists of a range of small scale single landlords to larger private landlords with extensive portfolios. Buy to let units often represent inferior quality of accommodation which is not purpose built (i.e. conversions) and are commonly not professionally managed.</p> <p>Legislative changes effecting tax relief on buy-to-let mortgages and stamp duty reforms have influenced highly leveraged buy to let investors and has also reduced the appeal to new entrants.</p>	<p>Drawing synergies with the Purpose Built Student Accommodation market, the emergence of institutional investment into Multifamily (apartment schemes) in the UK was triggered by investor recognition of the opportunity to capture rental growth (driven by the upsurge in renting amongst the younger demographic), whilst driving operating efficiency through high density schemes, efficient unit sizes and on site amenity, or complimentary amenity in close proximity.</p> <p>The suitability of this product is guided toward city centre, brownfield sites, with good access to transport and employment pools.</p>
Co-living	Single Family Housing
<p>The emergence of the Co-Living concept, along with Co-Working, has prompted recent momentum in community-led environments, benefitting from more amenity space, micro-accommodation and flexibility.</p> <p>Co- Living may be viewed as a sub-section of apartment led Multifamily accommodation, which attracts a demographic of 21+, typically postgraduate and young professionals, the concept is for convenience and affordability driven accommodation, accessing a range of on-site facilities, and smaller living spaces.</p>	<p>As the residential investment market matures, the pursuit of investment at scale has opened up the discussion to explore the deepest pools of consumer demand. The age bracket 35+ demonstrates a similar trend to the younger tier towards renting. Whilst the trend is less pronounced and home ownership remains a target, flexible suburban housing for singles and families over the age of 35 is sought after.</p> <p>The attraction for investors is primarily driven by a tendency to offer longer tenancy terms, and lower operating costs, whereby schemes do not require extensive communal cleaning, maintenance of cores, lifts and on site amenity.</p>

Source: Knight Frank Research

1.2 Growth of the Private Rented Sector

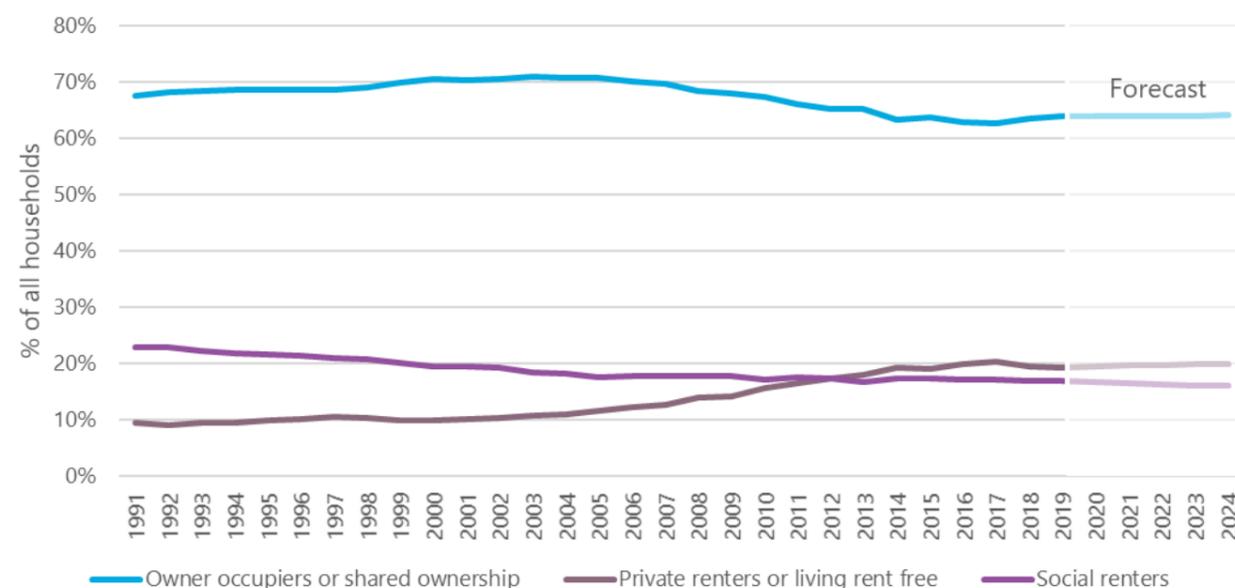
The demand for privately rented homes in England has grown significantly. In 1991, less than 10% of households in England were private renter households, but by 2019 this share increased to 19% (see [Figure 4](#)).

Official household projections predict the creation of 1.09 million new households over the next five years. Knight Frank's tenure distribution model predicts that 354,730 of these new households will be in the private rented sector.

Tenure trends when analysing London in isolation from the rest of England. Whilst London and England follow the same broad trend of an increase in private renters, private renters account for a much larger proportion of total households in London.

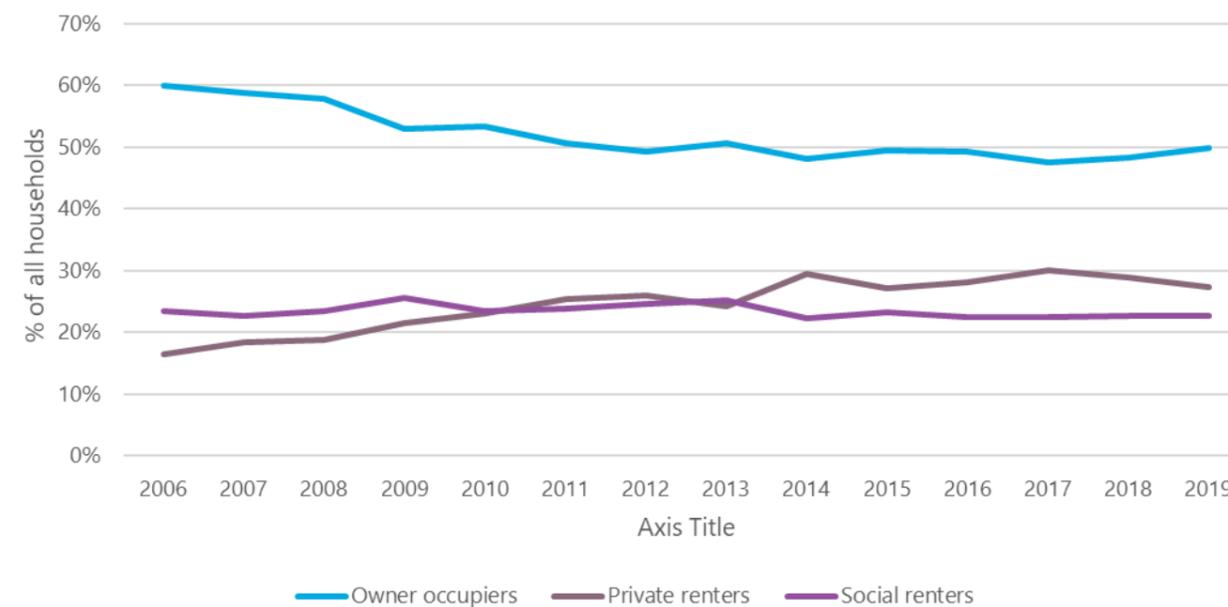
In London, PRS households account for 27% of all households, compared with 19% for England as a whole (see [Figure 5](#)). This variation is likely to be attributed to a combination of affordability constraints, with rents being much higher in London compared with regional locations, as well as the cultural desire for a more flexible lifestyle. The desire for flexibility also leads to increased demand for short-term rental accommodation to allow tenants to take up short-term employment, training or educational opportunities.

Figure 4: Growth of the Private Rented Sector in England



Source: Knight Frank Research 1980 to 1991: DOE Labour Force Survey Housing Trailer, 1992 to 2008: ONS Labour Force Survey; 2008-09 onwards: English Housing Survey, full household sample

Figure 5: Growth of the Private Rented Sector in London



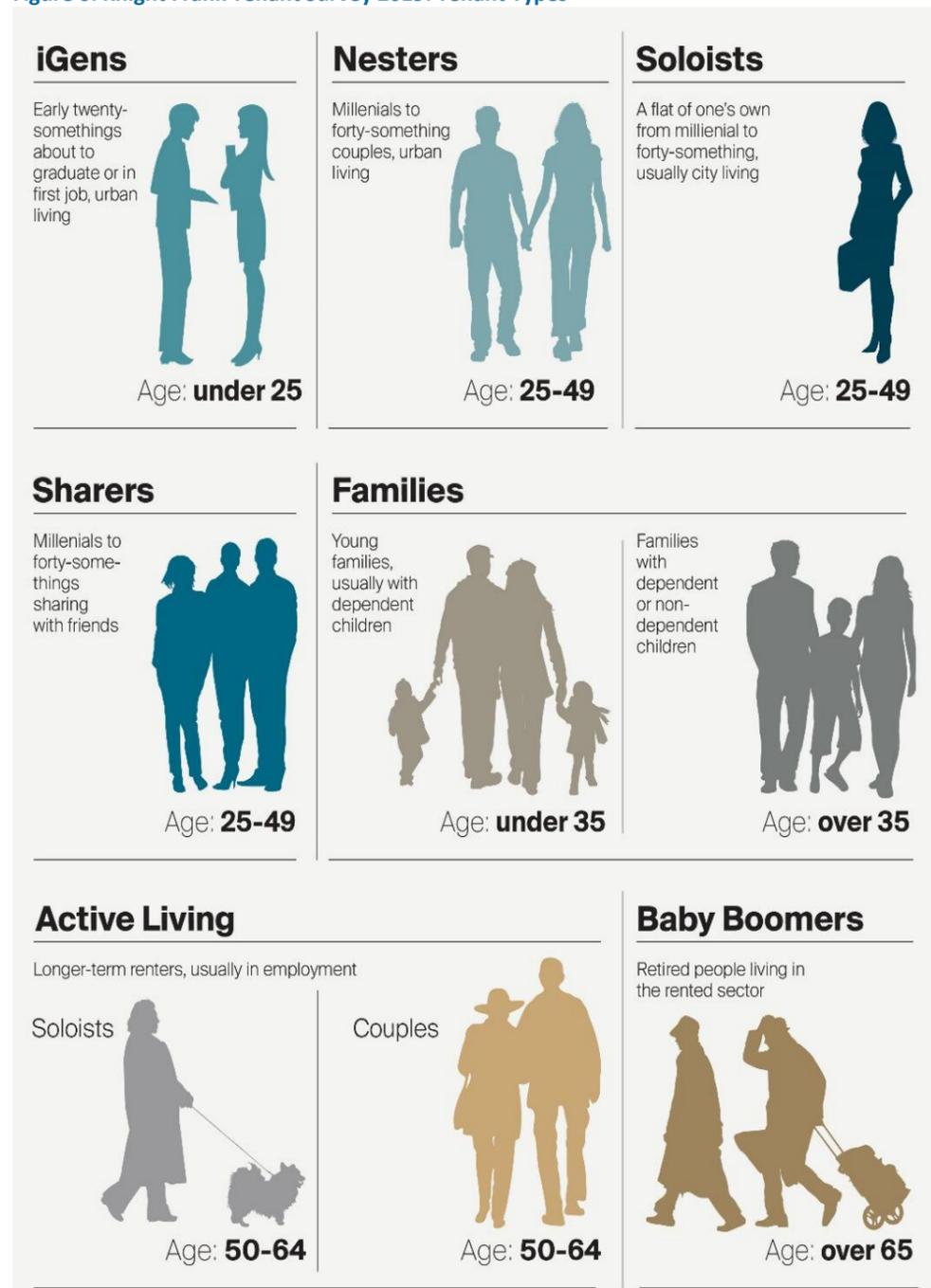
Source: Knight Frank Research, English Housing Survey

1.3 Renter Culture

The UK Tenant Survey 2019, carried out by Knight Frank Research, represents the view of 5,000 tenants in the private rented sector as well as 5,000 homeowners.

We have identified the main types of tenant in the private rented sector by grouping together those with similar socio-demographic characteristics (see Figure 6).

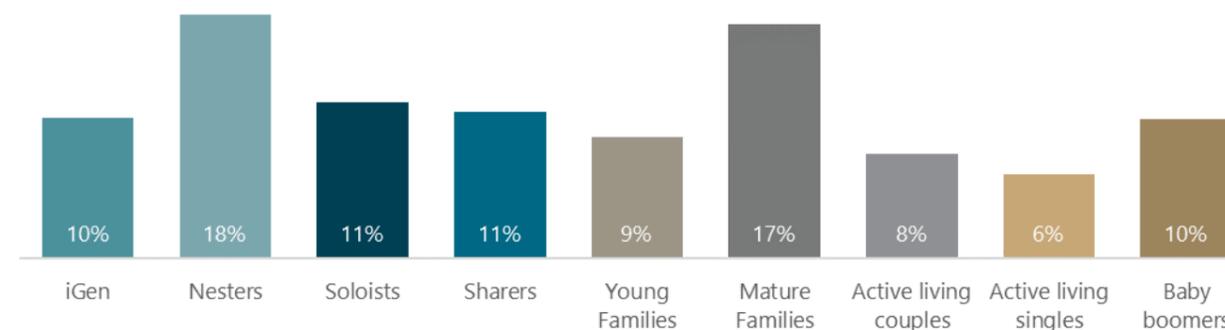
Figure 6: Knight Frank Tenant Survey 2019: Tenant Types



Source: Knight Frank Tenant Survey 2019

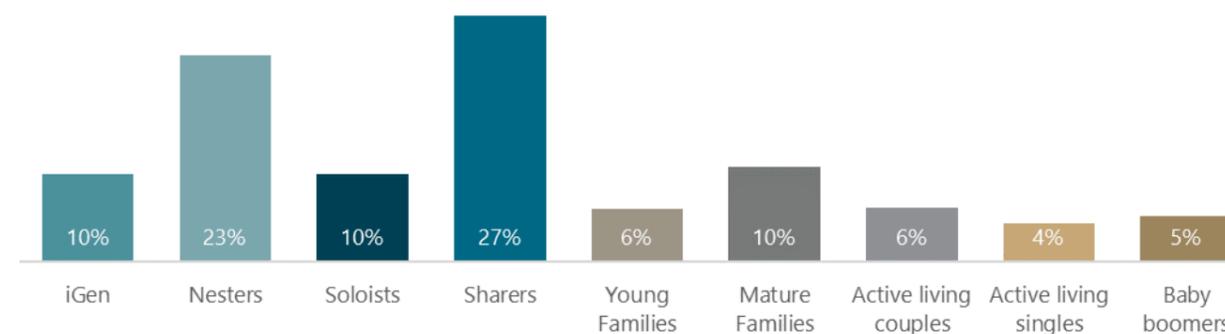
In the UK, more than one third of tenants are Nesters (18%) or Mature Families (17%). This is in contrast with London where the highest share is held by Sharers, who account for 27% of all tenants in London (see Figure 7 and Figure 8).

Figure 7: Knight Frank Tenant Survey 2019: Tenant Types – UK



Source: Knight Frank Tenant Survey 2019

Figure 8: Knight Frank Tenant Survey 2019: Tenant Types – London



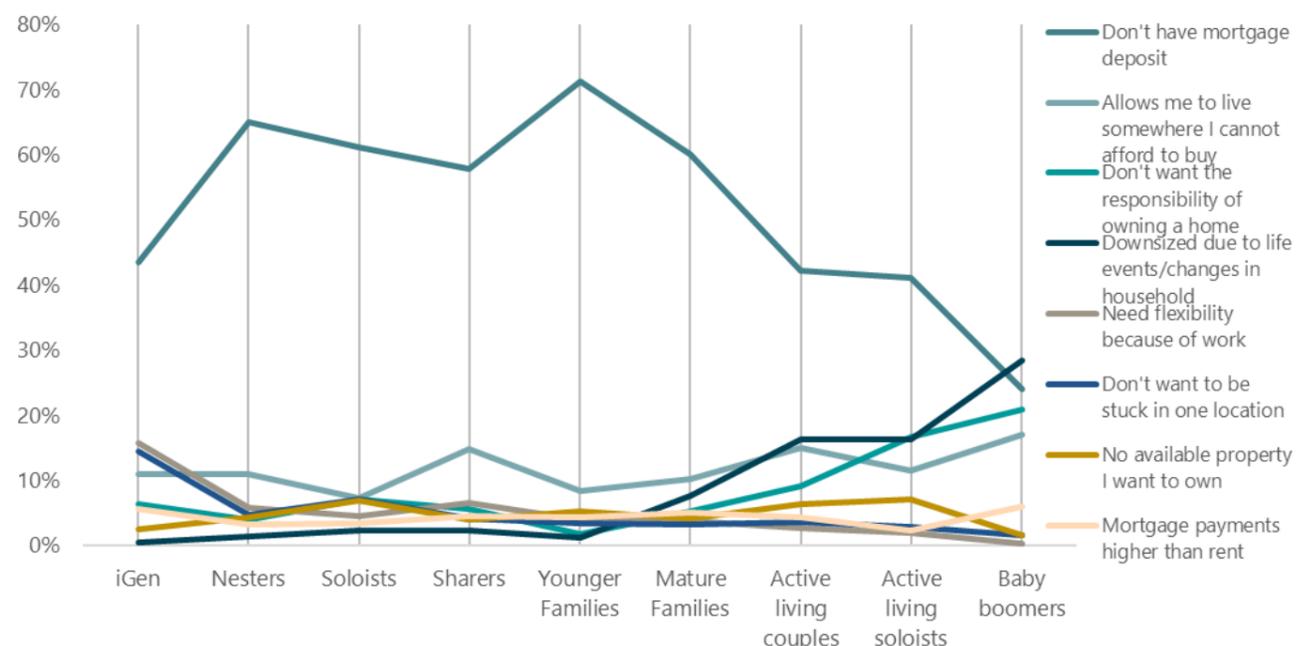
Source: Knight Frank Tenant Survey 2019

In our 2019 Tenant Survey, we asked tenants to choose the primary reason that they are renting (see Figure 9). The majority of respondents said their main reason for renting was a lack of mortgage deposit. However, this varies across tenant types, being more prominent among those who are more likely to be concerned with climbing the housing ladder, such as Couples and Young Families.

Living in an area they otherwise wouldn't be able to afford was cited as a reason for renting by one in ten respondents, and is consistent across tenant types. Older renters are concerned with avoiding the responsibility of owning a home and downsizing.

Younger renters are motivated by flexibility due to work and not wanting to be anchored in one location. These were the second and third most popular reasons for renting among iGens and this demonstrates that renting can be a choice based on lifestyle and is not exclusively based on affordability. These tenant attitudes and motivations demonstrate demand for short-term rental accommodation in the capital.

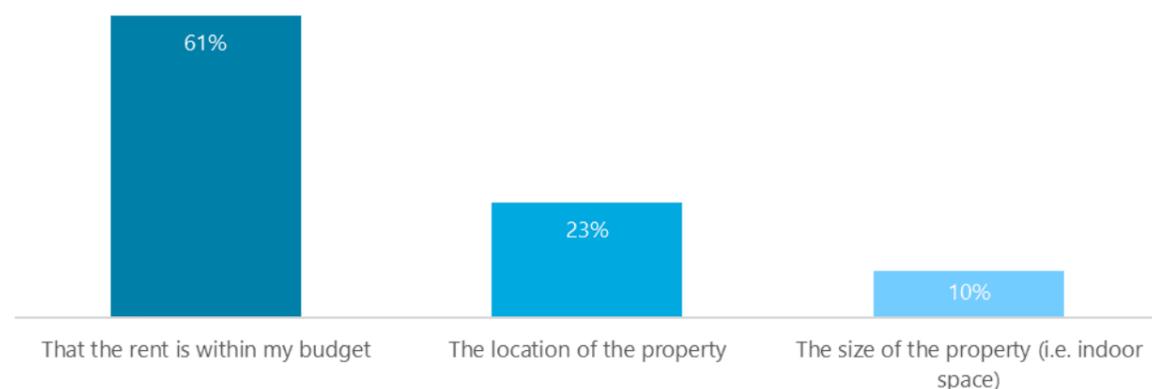
Figure 9: Knight Frank Tenant Survey 2019: Why are you renting?



Source: Knight Frank Tenant Survey 2019

The survey revealed that 61% of tenants feel that staying within budget is the most important factor when choosing a property, highlighting that tenants tend to be affordability conscious. This evidences demand for HMO-style accommodation, which is typically at the mid to lower end of the market in terms of pricing. Location is the second most important factor for renters (see Figure 10).

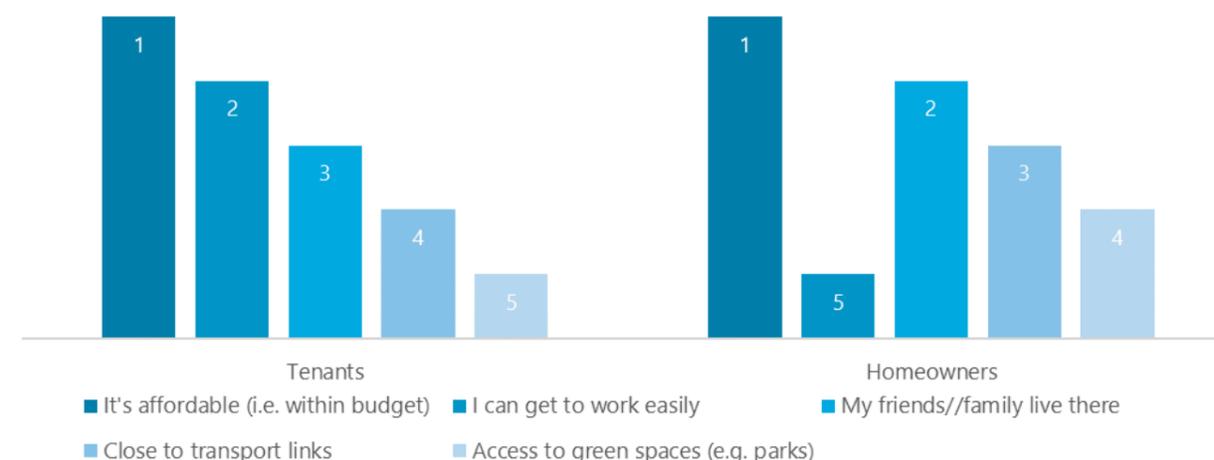
Figure 10: Knight Frank Tenant Survey 2019: What is the single most important factor when choosing a property?



Source: Knight Frank Tenant Survey 2019

Affordability is not only key when choosing a property but also when choosing an area in which to live. Getting to work easily is the second most important factor for tenants when choosing where to rent (see Figure 11). This supports the provision of rental accommodation at Panda House, as the property is located within easy reach of two of London's major employment hubs: Canary Wharf and The City of London.

Figure 11: Knight Frank Tenant Survey 2019: What is the most important factor when choosing a location?

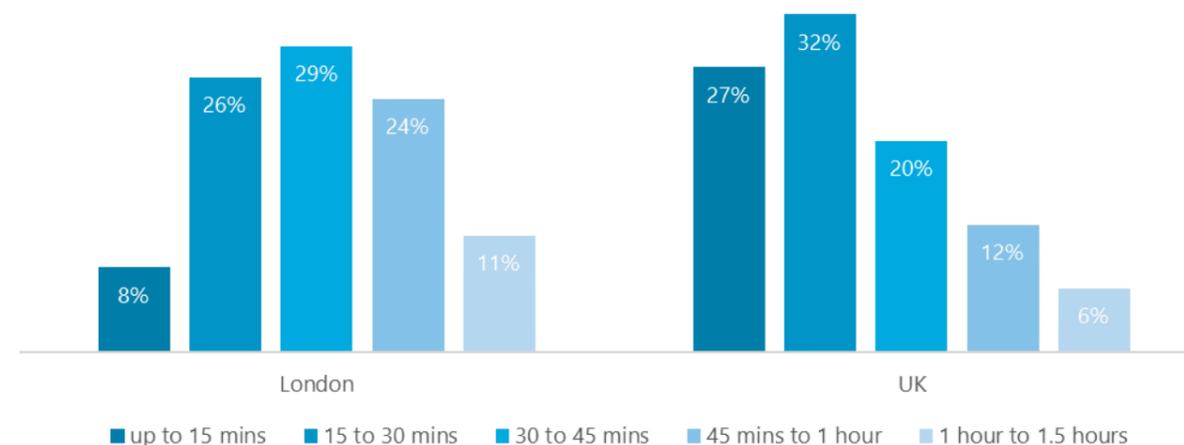


Source: Knight Frank Tenant Survey 2019

As getting to work easily is the second most important factor for tenants when choosing where to live, analysing their journey times is highly relevant.

Across the UK, approximately one third of renters travel for between 15-30 minutes to get to work. In London, commutes tend to be slightly longer, with 66% of tenants travelling for more than 30 minutes, compared to just 40% across the UK (see Figure 12). The location of Panda House supports demand for privately rented accommodation as it would provide excellent journey times to employment opportunities in both Canary Wharf and The City of London within c. 12 and 10 minutes respectively.

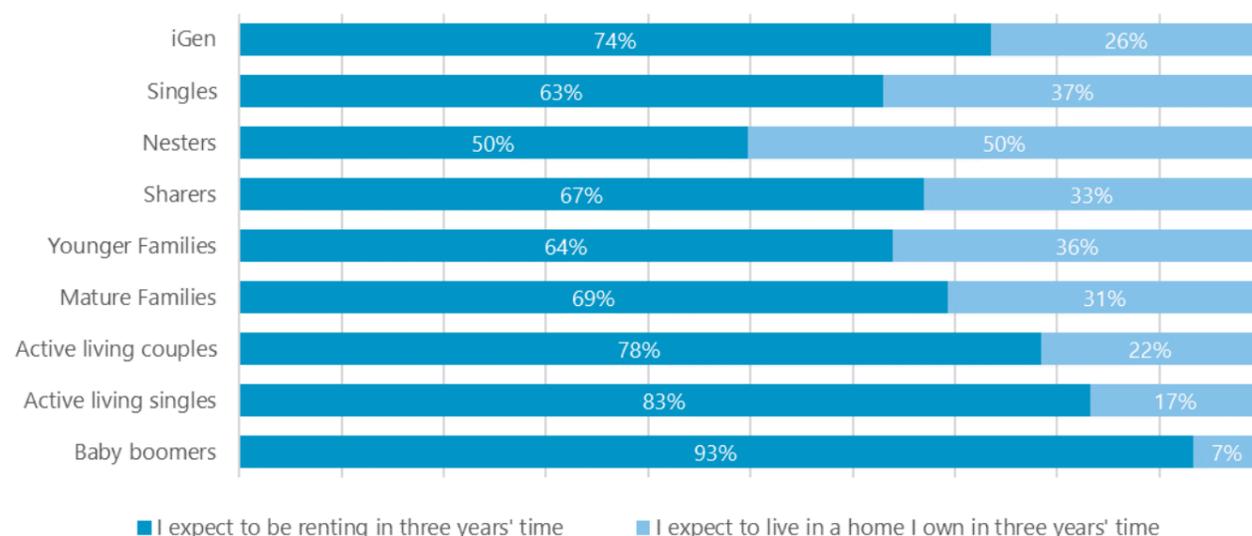
Figure 12: Knight Frank Tenant Survey 2019: How long is your journey to work/main occupation?



Source: Knight Frank Tenant Survey 2019

Expectations of tenure in three years' time varies considerably across tenant groups. Just 50% of Nesters expect to be renting in three years, whilst 93% of Baby boomers and 74% of iGens expect to still be in private rented accommodation. This demonstrates that privately renting is becoming a long-term tenure choice for many groups of tenants (see Figure 13).

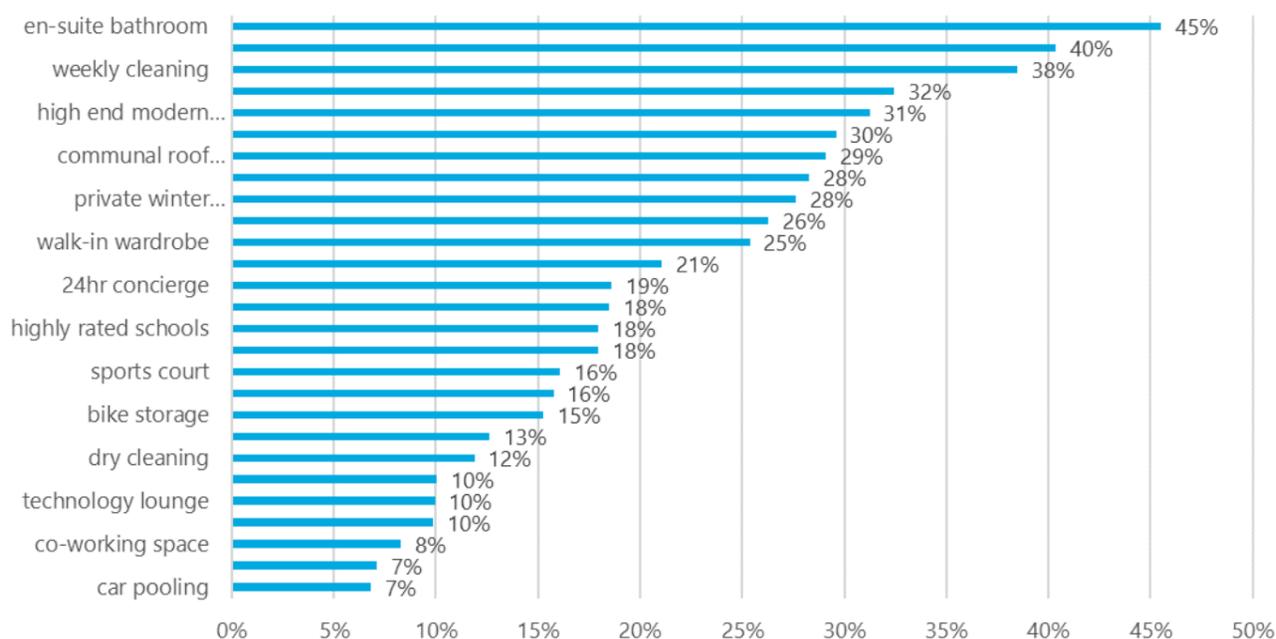
Figure 13: Knight Frank Tenant Survey 2019: In three years' time do you expect to be renting or own a home?



Source: Knight Frank Tenant Survey 2019

Our survey asked respondents whether they would definitely or probably pay a higher rent for specific amenities. The most popular amenity was an en-suite bathroom, which 45% of respondents said they would pay higher rent for. 40% said they would pay a higher rent for dedicated secure parking and 38% would pay more for weekly cleaning. 19% said they would pay higher rent for a 24 hour concierge and 18% said they would pay more to be near highly rated schools.

Figure 14: Knight Frank Tenant Survey 2019: % of renters who definitely or probably would pay a higher rent for an amenity



Source: Knight Frank Tenant Survey 2019

1.4 Catchment & Context for HMO Accommodation

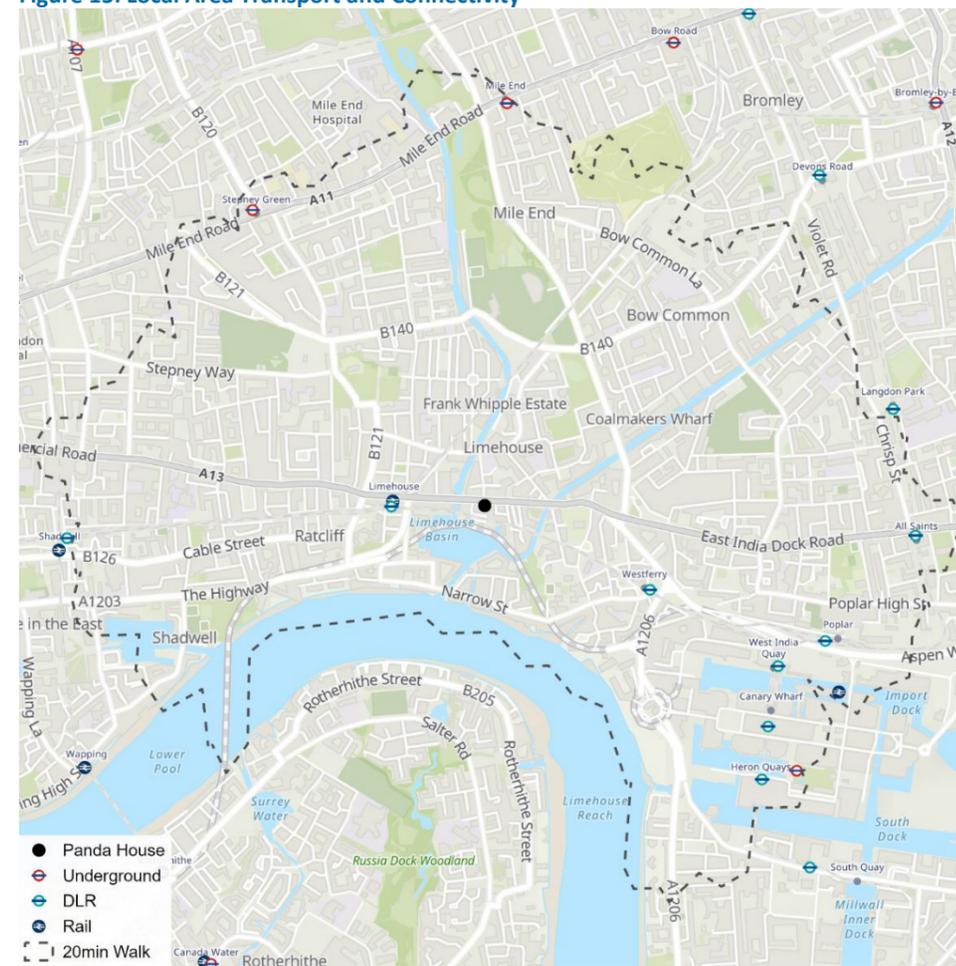
We have defined the catchment as a 20 minute walk time of the subject site (see Figure 15), which we will refer to as the “local area”. This is calculated using network analyse software using all roads/pathways known at the time of the analysis. Where appropriate we will benchmark our analysis against Tower Hamlets and/or London as a whole. Where granularity of data prevents analysis of the local area, we will analyse Tower Hamlets.

The site is located within the London Borough of Tower Hamlets in east London and is within close proximity of a range of amenities such as shops, cafes/food outlets and leisure facilities. The housing stock in the local area is extremely varied, featuring period terraced housing, 1960s blocks as well as new build flats.

Panda House is extremely well located for access to public transport, with Limehouse Station located c.0.2 miles to the east, providing access to the DLR and mainline c2c services. The DLR provides regular services to the major employment hubs of Bank and Canary Wharf within 10 minutes and 12 minutes respectively, as well as to London City Airport within 20 minutes. Fenchurch street is accessible via the c2c within c. 5 minutes.

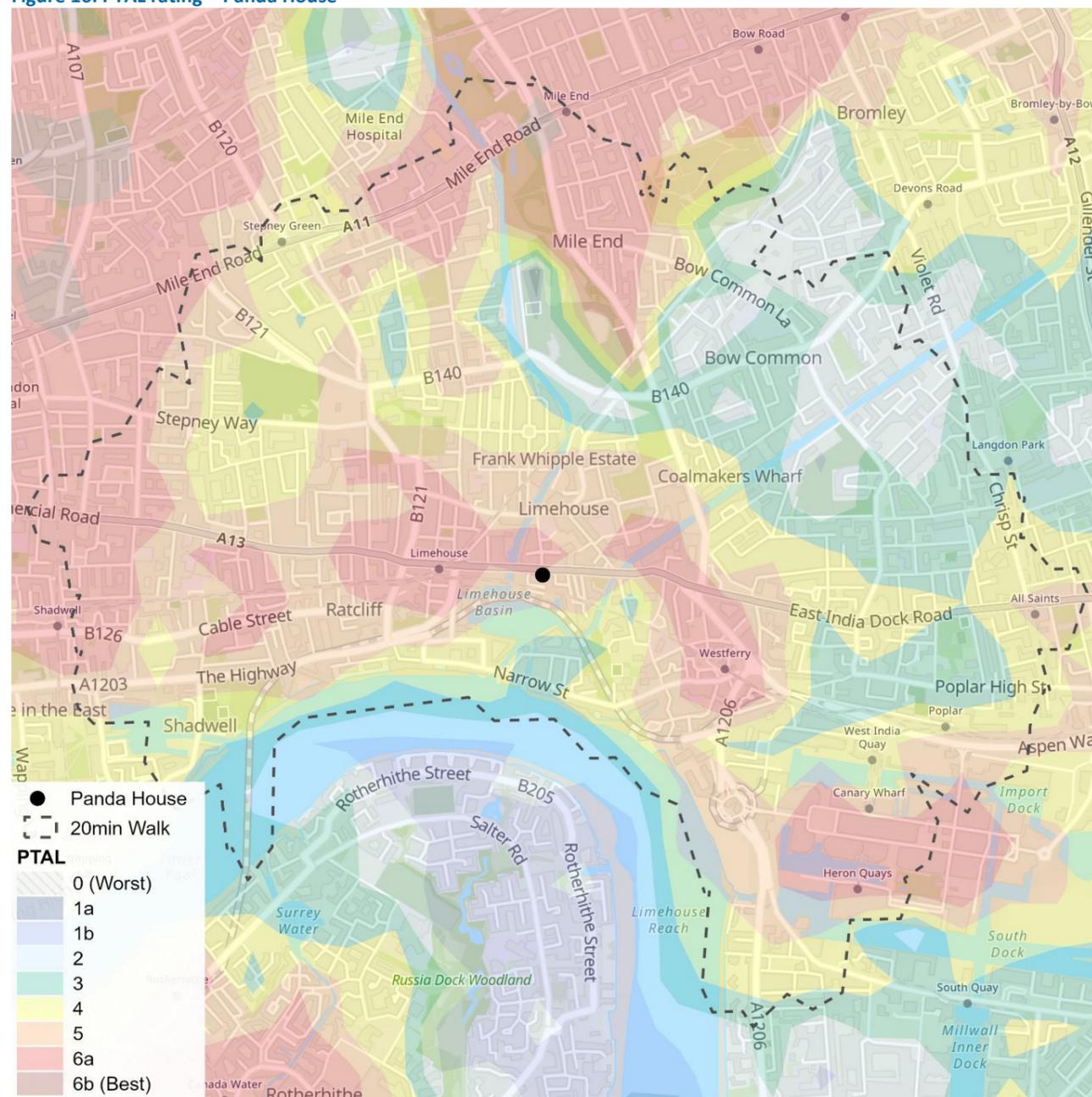
Panda House has a Public Transport Access Level (PTAL) rating of 5 and therefore demonstrates a strong level of connectivity (see figure 15). The PTAL rating combines information about how close public transport services are to a site and how frequent these services are. The highest level of connectivity has a PTAL of 6b and the lowest has a PTAL of 0. As per the London Plan, sites with better connectivity provide opportunities for development at higher densities and for sustainable development that reduces the need to travel by car. As previously mentioned, transport connectivity is a key driver of demand for privately rented accommodation.

Figure 15: Local Area Transport and Connectivity



Source: Knight Frank Research

Figure 16: PTAL rating – Panda House



Source: Knight Frank Research

Summary

- Growth in the PRS sector in the UK is underpinned by a structural undersupply of housing, social factors such as a cultural shift towards flexibility, political changes including reduction of tax relief for buy to let mortgages, and affordability.
- Renters are motivated by affordability, access to transport and employment opportunities, and young renters increasingly require flexibility, which can be served by short-term rental accommodation.
- The subject site is located between the employment hubs of Canary Wharf and The City of London and is very well served by public transport links within close proximity, rendering it in an excellent location for short-term rental accommodation.

2. MARKET PERFORMANCE

2.1 Rental Distribution

Table 1 shows average asking rents in Tower Hamlets over the past 12 months. The average monthly rent for a long-term, self-contained two bedroom flat in Tower Hamlets is just over £1,400 per bedspace pcm (£2,808 for entire property). On a short-term basis, the average monthly rent for a two bedroom apartment £1,779 per bedspace pcm (£3,558 for entire property), which is over £360 more expensive.

This differential between short and long is consistent across the other property listings and illustrates that on average, short-term rental accommodation in the borough is significantly more expensive than its long-term counterparts. Those seeking short-term accommodation do not necessarily have higher budgets than those seeking long-term accommodation. This creates a potential affordability issue for those seeking short-term accommodation and evidences a lack of supply of more affordable short-term accommodation.

Table 1: Average Asking Private Rents in Tower Hamlets by Property and Bedspace 2019/20

Type	Long terms (6+ months)		Short term (<6 months)	
	Average Property Rate	Average Bedspace Rate	Average Property Rate	Average Bedspace Rate
Studio	£1,721	£1,721	-	-
1 bed	£2,118	£2,118	£2,807	£2,807
2 beds	£2,808	£1,404	£3,558	£1,779
3 beds	£3,777	£1,259	£4,818	£1,606
4 beds	£3,465	£866	-	-
5+ beds	£4,070	£814	-	-

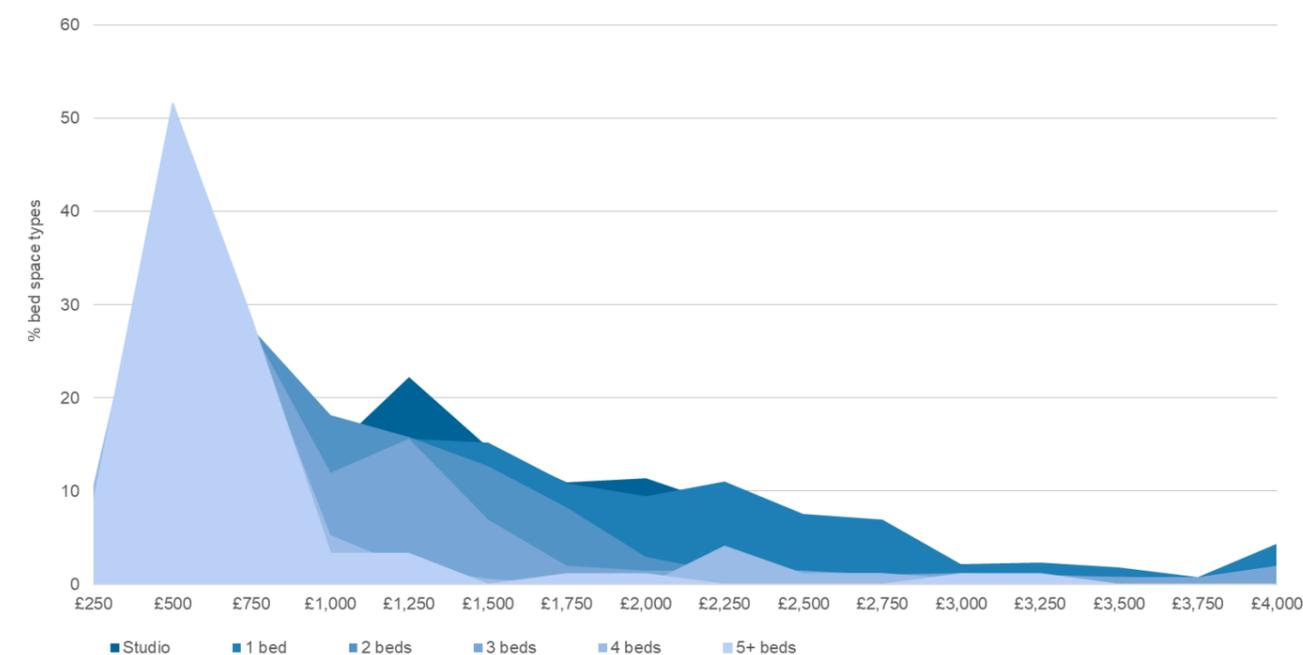
Source: Rightmove, Knight Frank Residential Research

Figure 17 illustrates the distribution of private rents across Tower Hamlets over the past 12 months on a per bed space basis. As would be expected, as the number of bedrooms/sharers increases, the average monthly rent per person decreases. This drives those who are motivated by affordability towards larger shared properties, including HMOs, where rents for a room are lower. Large proportions of HMO stock in London is typically run by buy-to-let landlords without professional management. This often leads to issues such as overcrowding and poor quality accommodation.

Furthermore, those seeking short-term HMO accommodation but are unable to afford the premium rents shown in Table 1, are often left with few other options other than to sublet a room on an informal basis, which can again leave tenants vulnerable to inefficient management.

Overall, as a short-term HMO style accommodation, Panda House is likely to provide for a gap in the market for more affordable, professionally managed short-term, rental accommodation.

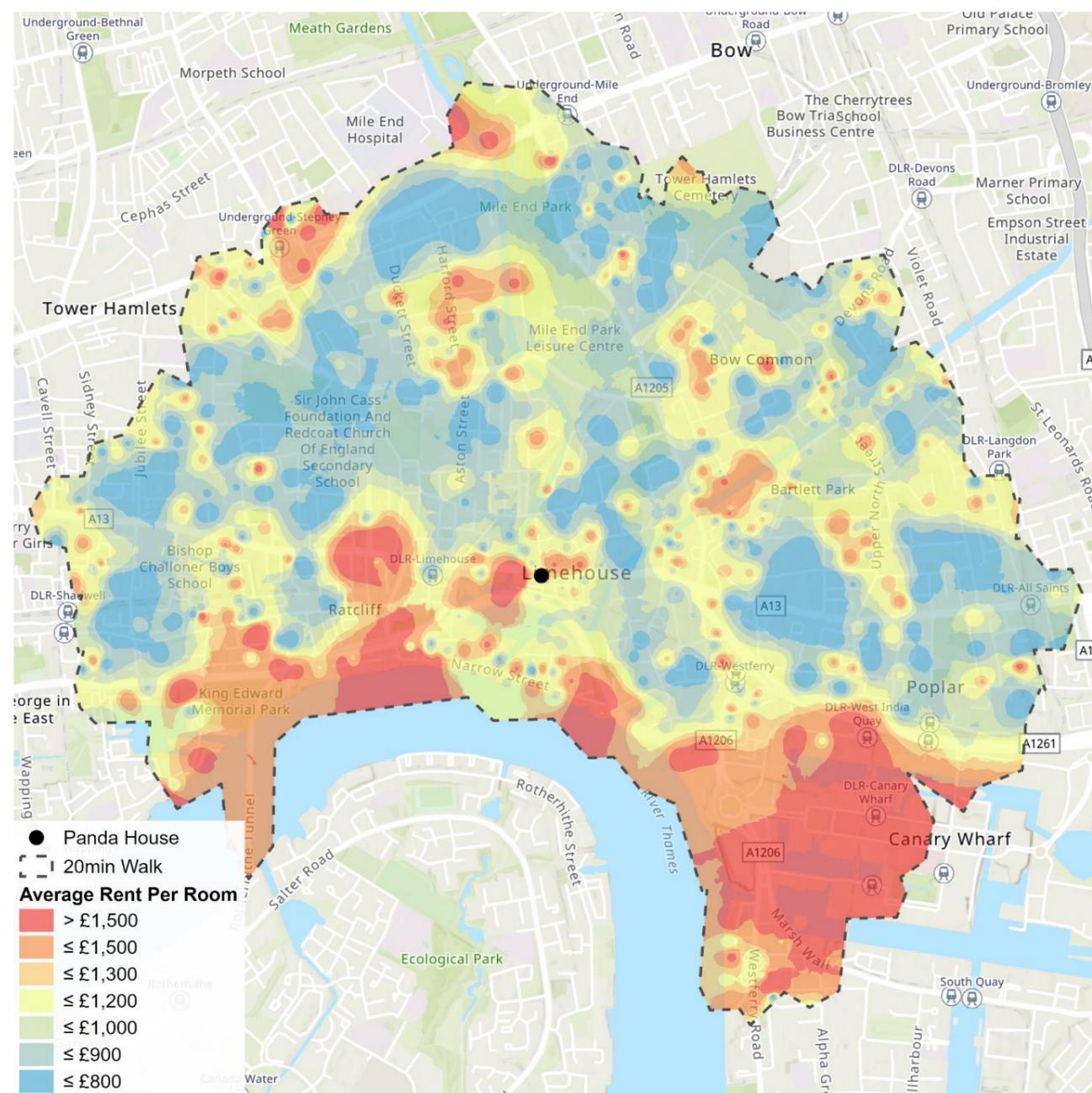
Figure 17: Distribution of Private Rented Listings by Price per Bed Space and Housing Type in Tower Hamlets 2019/20



Source: Rightmove, Knight Frank Residential Research

Figure 18 below is a heat map illustrating the average rents per room within a 20 minute walk time of Panda House. As you can see there is a large variation in average rents across this catchment with the largest proportions of sections averaging £1,000 or less per room pcm. The rents where Panda House is located are on average £1,200 or more per room pcm.

Figure 18: Heat map of average rents per room within a 20 minute walk time of Panda House



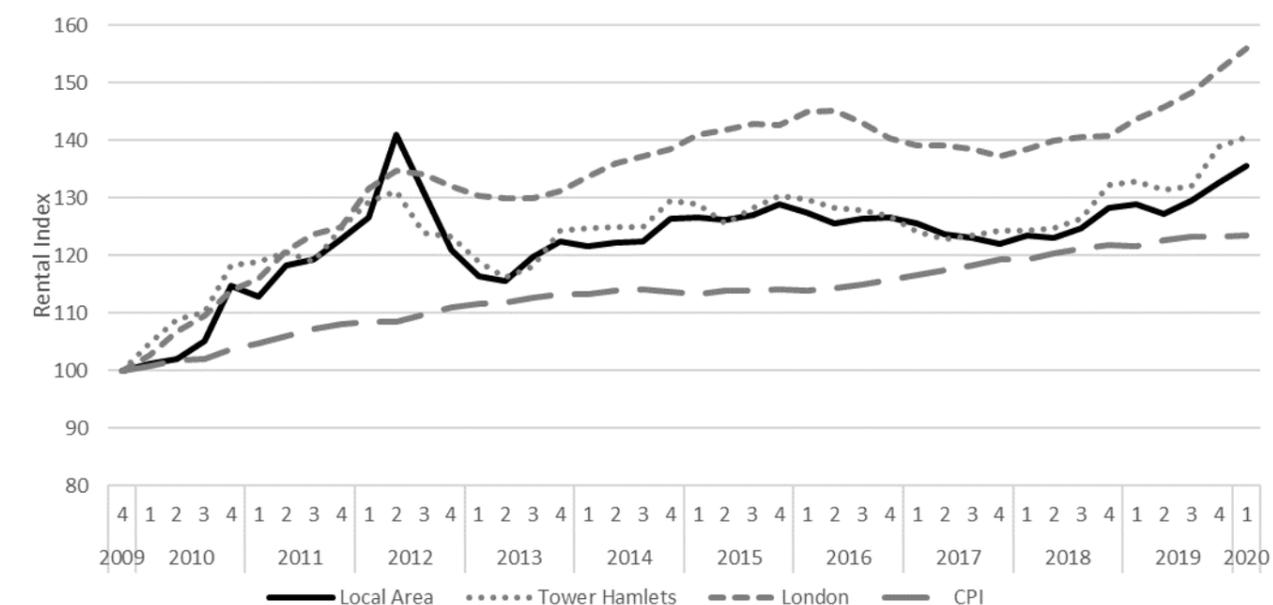
Source: Rightmove, Knight Frank Residential Research

2.2 Historic Rental Growth and Projections

As shown in Figure 19, rental growth in the local area has broadly tracked that of the wider borough of Tower Hamlets since 2009, and both have been below the growth seen in London as a whole. On average, historic annual growth in Tower Hamlets has been at 1.73% (in nominal terms), with a growth rate of 8.95% over the previous 5 years.

Projections suggest that annual nominal rental growth within the borough will accelerate to 2.24% per annum, giving a 5 year projected growth period of 11.73%.

Figure 19: Rental Index Comparison - Local Area, Local Authority, and Region vs Inflation (2009=100)



Source: Knight Frank Research, Rightmove, Twencyci, Experian

Table 2: Local Authority Rental Growth Projection

Tower Hamlets	Historic Growth Q1 2015-Q1 2020	Historic CAGR Q1 2015-Q1 2020	Projected Growth Q1 2020-Q1 2025	Projected CAGR Q1 2020-Q1 2025
Nominal growth	8.95%	1.73%	11.73%	2.24%

Source: Knight Frank Research, Rightmove, Twencyci, Experian

Note: Rental projection is based on a single linear regression model using household disposable income. The household disposable income is the key driver of rental growth. The correlation is established between the historic rental growth index produced in house and the household disposable income.

2.3 Historic Sales Growth and Outlook

In this section we look at the profile of the housing market across the local area compared with Tower Hamlets borough and performance across England & Wales as a whole.

Housing stock profile

Flats and apartment housing dominate the stock profile of the local area, accounting for 87.6% of all housing stock within a 20 minute walk time of Panda House. Terraced houses account for 11.7% of all housing in the local area, with semi-detached and detached houses accounting for just 0.7% of all housing stock. Table 3 presents the distribution of housing types across the local area.

Table 3: Housing stock profile – local area

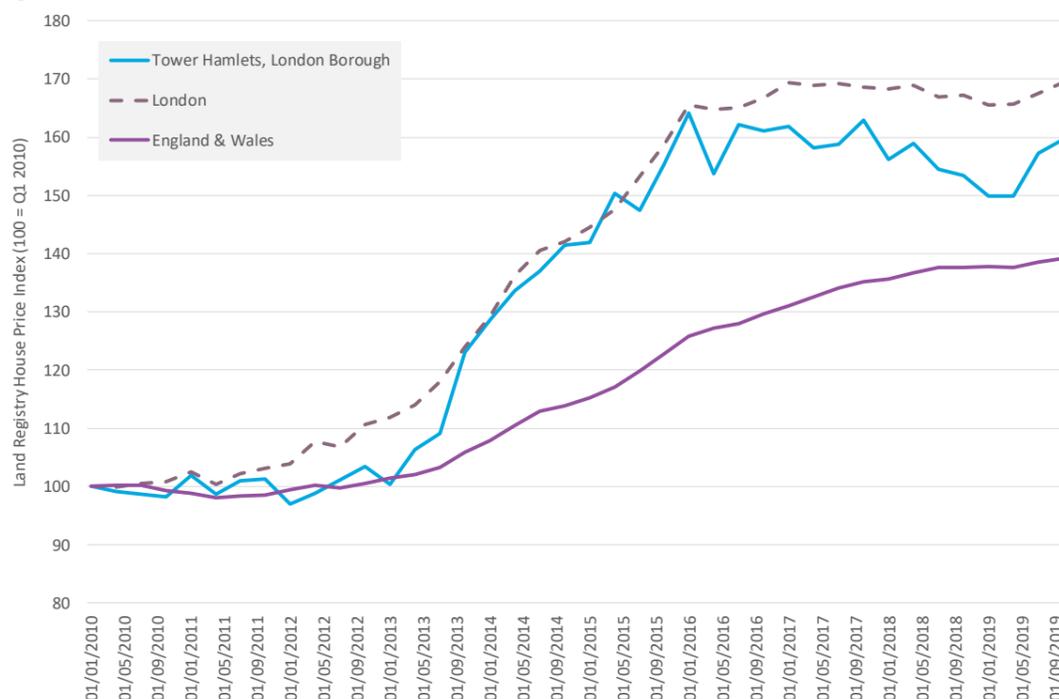
Property Type	Detached	Semi-Detached	Terraced	Flat/apartment	Total
One bedroom	0.0	0.1	0.3	28.5	28.9
Two bedrooms	0.0	0.1	2.9	36.9	39.9
Three bedrooms	0.1	0.2	5.4	15.1	20.7
Four or more bedrooms	0.0	0.2	3.1	7.2	10.5
TOTAL	0.1	0.6	11.7	87.6	100.0

Source: VOA

Prices and transaction volumes

Land Registry House Price Indices are presented in Figure 20. Prices in Tower Hamlets local authority have increased by 59.6% since Q1 2010. The borough has seen particularly strong growth in 2013 and 2014, however, this has been outstripped by growth across London as a whole. However, in the last year growth in Tower Hamlets has outstripped wider markets. Prices in the borough have increased by 4% since Q4 2018 compared to 1.3% across London as a whole.

Figure 20: Price Index 2010-2019



Source: Land Registry

Local Area (20 minute walk time)

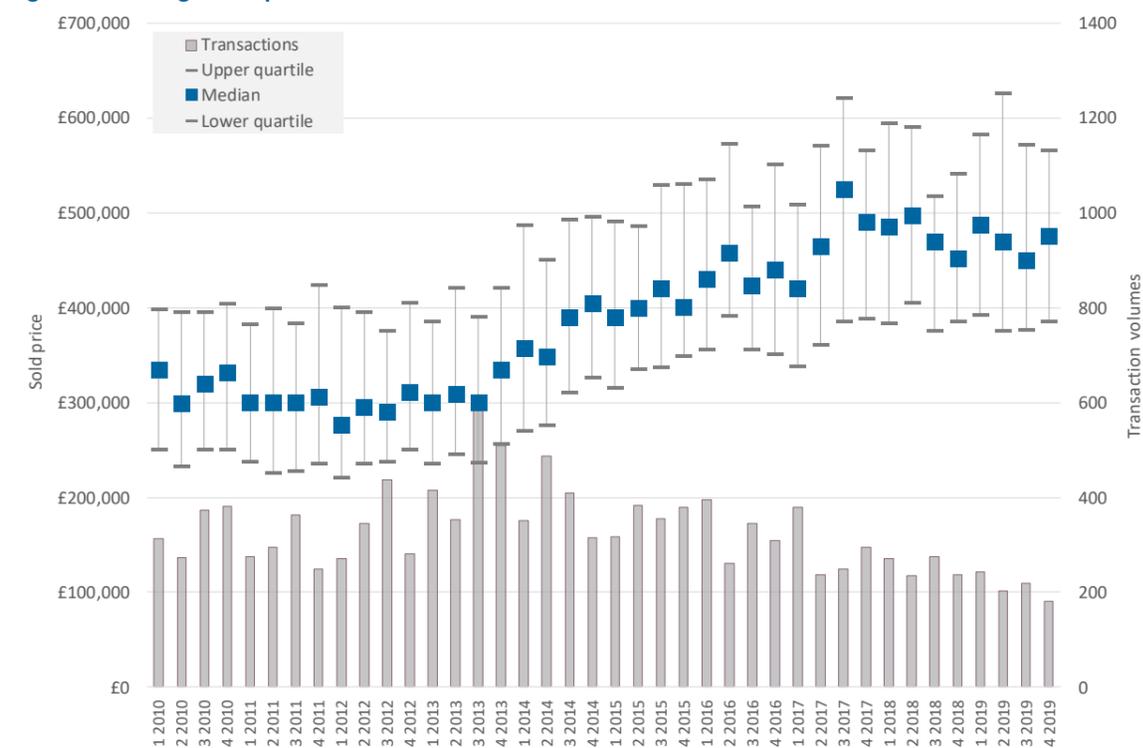
Figure 21 and Table 4 present transaction volumes and also lower, median and upper quartile price points between Q1 2010 and Q4 2016 (latest full quarter data). The average price for a flat/apartment property within the local area is £474,500 whilst a terraced property is priced at approximately £717,200 respectively. Further detail is presented in Table 4.

Table 4: Average sold price by postcode sector and property type – local area – 2019/20

	Detached	Semi-detached	Terraced	Flats/apartment	All Property Types	3yr % change in average prices
E1 0	-	£800,000	£657,600	£366,283	£431,466	-0.5
E1 2	-	-	-	£356,639	£356,639	-25.4
E1 3	-	-	£655,020	£435,359	£460,320	1.8
E1 4	-	-	£633,857	£363,897	£404,978	-14.6
E14 0	-	-	£525,833	£432,914	£449,311	13.0
E14 4	-	-	-	£695,397	£695,397	14.7
E14 6	-	£625,000	£562,500	£429,693	£434,001	-1.8
E14 7	-	-	£818,708	£436,240	£474,808	17.5
E14 8	-	-	£1,149,167	£587,459	£627,109	-1.6
E14 9	-	-	-	£490,588	£490,588	-8.3
E1W 3	-	-	£703,561	£592,372	£606,466	-6.1
E3 3	-	-	-	£331,053	£331,053	-21.1
E3 4	-	-	£676,500	£461,865	£473,723	4.3
SE16 5	-	£945,000	£752,800	£491,160	£538,147	1.1
SE16 6	-	£478,000	£600,333	£403,429	£493,512	-10.9
SE16 7	-	-	£659,975	£602,175	£604,239	-7.7
ALL	-	£711,833	£717,201	£474,529	£499,545	3.2

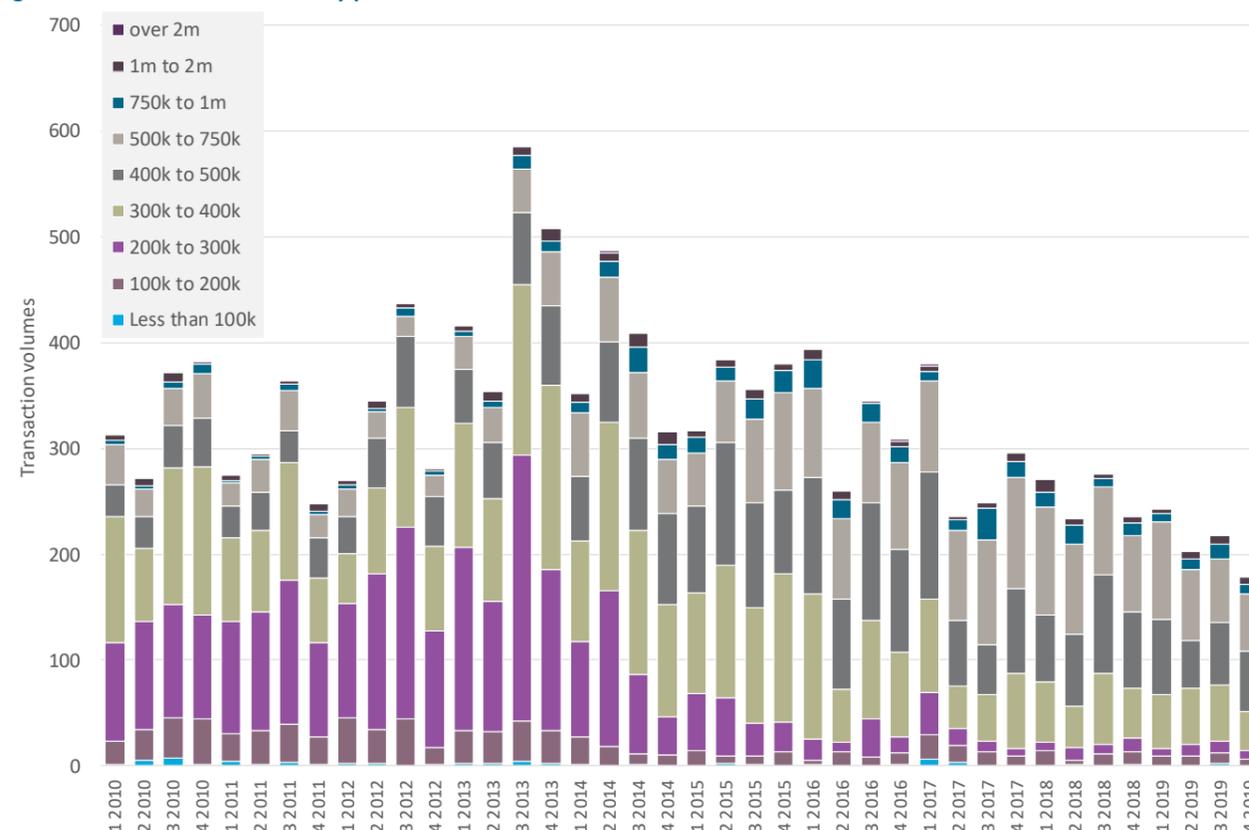
Source: Land Registry, Knight Frank Residential Research

Figure 21: Average sales price & transaction volumes – local area



Source: Land Registry, Knight Frank Residential Research

Figure 22: Transaction volumes by price band – local area



Source: Land Registry, Knight Frank Residential Research

Table 5: Price range and transaction volumes – local area

Quarter	Lower quartile sold price	Median sold price	Upper quartile sold price	Total sales
Q1 2017	£338,233	£420,000	£508,125	380
Q2 2017	£360,000	£465,500	£570,000	236
Q3 2017	£385,000	£525,000	£620,000	249
Q4 2017	£387,746	£489,995	£565,000	296
Q1 2018	£382,998	£485,000	£594,850	271
Q2 2018	£405,000	£497,000	£590,000	235
Q3 2018	£375,000	£470,000	£517,746	276
Q4 2018	£385,500	£452,000	£540,000	237
Q1 2019	£392,070	£487,500	£581,950	243
Q2 2019	£375,498	£470,000	£625,000	203
Q3 2019	£376,250	£450,000	£571,500	218
Q4 2019	£385,250	£475,000	£565,500	180

Source: Land Registry, Knight Frank Residential Research

Outlook

The UK government's response to the Covid-19 pandemic has utterly transformed the current economic and housing market landscape. The big question is what will its longer-term impact be? The outlook we set out below confirms a sharp fall in activity. Looking beyond the short-term, however, and we predict an equally sharp uptick in the housing market into 2021, mirroring the outlook for the economy. For now, everything is dictated by the length and severity of movement restrictions. As soon as conditions are able to be relaxed, activity will return. However, if the government is to encourage a full return to normality, the existing economic stimulus announced in recent weeks will need to be supplemented by incentives such as reform to Stamp Duty.

The key factor that will determine the performance of the UK economy is the speed with which the government feels able to relax the current movement restrictions that prevent many businesses from operating.

Our outlook is based on the assumption that current restrictions will remain in place during April and May with a gradual lifting through June. Any loosening before this time implies an improvement in the activity levels and price movements we are forecasting.

The underlying economic forecast we have adopted points to a 4% contraction of GDP in 2020 and growth of 4.5% in 2021.

Unemployment, which stood at 3.9% in December 2019, will be a key indicator to watch. While Oxford Economics currently forecast the jobless rate to end 2020 at 4.9%, the latest new claims for Universal Credit, released 1st April, suggest that the unemployment rate could jump to around 5.5% in April.

Residential sales market

The political certainty provided by last December's general election boosted housing market confidence during January and February. A sharp uptick in sales was seen across the UK, with even the prime central London market seeing prices climb for the first time in five years.

These positive trends were expected to have continued through 2020. The arrival of Covid-19 put this recovery on hold.

Transactions

Our view at the beginning of 2020 was that the volume of UK residential transactions would end the year around 5% higher than the five-year average - around 1.26 million compared with the 1.18 million seen in 2019.

If we assume that the current movement restrictions are maintained through to the end of May this will obviously have a dramatic impact on sales volumes. Sales will slow sharply over the next quarter before recovering somewhat in the second half of the year.

Our view is that sales across the UK will total around 734,000 for the full year, a 38% decline from the level seen in 2019, with slightly smaller falls seen in Greater London and in the prime central London market.

While we expect a revival in activity to continue, with volumes next year expected to be 18% above the level seen in 2019, this expansion will not fully offset the drop in 2020. Of the nearly 526,000 sales we expect to be "lost" this year, fewer than half will be carried into 2021.

For the government to see a full recovery of the market, with all of these "lost" sales carried forward, there will be a need for substantial incentives to ease market liquidity - including a reform to stamp duty.

Prices

Annual price growth in the UK to the end of March was 3% according to Nationwide, the highest figure in more than two years. Meanwhile, prices grew 0.2% in prime central London over the first quarter of the year, the highest figure for Q1 in five years.

With the market largely on hold evidence of the pricing impact of Covid-19 will remain sparse in the near-term.

Once the current crisis passes and activity begins to resume, we have to expect that weaker economic activity in the first half of 2020, the dislocation in the jobs market and weakened consumer sentiment will impact on prices, however the relatively finite timespan of the crisis means declines will be limited.

Our view is that mainstream UK house prices will fall by 3% in 2020 with prices in prime central London remaining unchanged following a 25% fall in some markets since 2014. Our expectation is that prices will recover sharply in 2021 – and have pencilled in 8% growth for prime central London prices for next year.

Residential development

A pause in construction activity, as housebuilders down tools due to the Covid-19 restrictions, will undoubtedly lead to a drop in new home completions this year and probably next. New homes sales are also expected to fall this year as a result, in line with our forecast outlined above.

The full impact of the hiatus depends on the duration of current movement restrictions and on economic conditions once these are lifted, much like the resales market. Our current view remains that the disruption will be relatively short-term and, indeed, developers are still pursuing land opportunities.

Summary

- Asking rents for short-term accommodation in Tower Hamlets are higher than those for long-term accommodation. This highlights a lack of supply of affordable short-term rental accommodation for those on lower budgets.
- Tower Hamlets has experienced strong rental growth of 1.73% per annum over the last 5 years, which is expected to accelerate to 2.24% per annum over the next five years.
- In recent years, house price growth in the Tower Hamlets has outstripped that of wider markets.

3. DEMAND

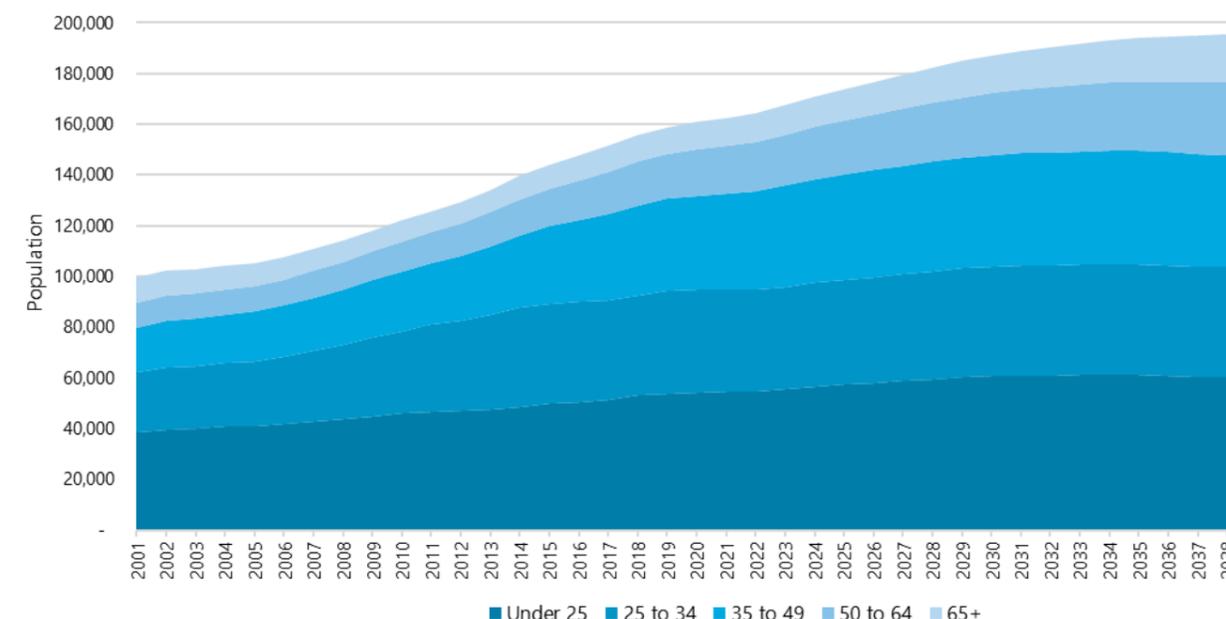
3.1 Local Area Population Projections

In order to provide an accurate reflection of population trends within the local area, and to project population growth, we have used the population growth rate for Tower Hamlets local authority.

The current population of the local area is 158,574 people, which is an increase of 34% since 2009. Since 2009, the highest levels of growth have been seen in the 35 to 49 age group, with 59% growth. Over the next ten years it is expected that the 65+ will see the highest growth, increasing by 39%, followed by the 50 – 64 age group, with 33% growth.

Between 2019 and 2029 the overall population of the local area is expected to grow by 17% to 184,906 people and by 2039 it is expected to grow by a total of 24% to 195,884 people. The growing population is likely to result in an increased demand for private rental accommodation.

Figure 23: Share of Population by Age Band in Local Area



Source: Knight Frank Research, ONS, MHCLG, GLA

Table 6: Local Area Population Projections

Age group	2009	2019	2029	2039	% change 2009 - 2019	% change 2019 - 2029	% change 2019 - 2039
Under 25	44,855	53,732	60,133	60,367	19.8	11.9	12.3
25 to 34	30,833	40,638	42,966	43,031	31.8	5.7	5.9
35 to 49	22,755	36,135	43,792	44,197	58.8	21.2	22.3
50 to 64	11,255	17,779	23,722	28,992	58.0	33.4	63.1
65+	8,454	10,290	14,293	19,297	21.7	38.9	87.5
Total population	118,152	158,574	184,906	195,884	34.2	16.6	23.5

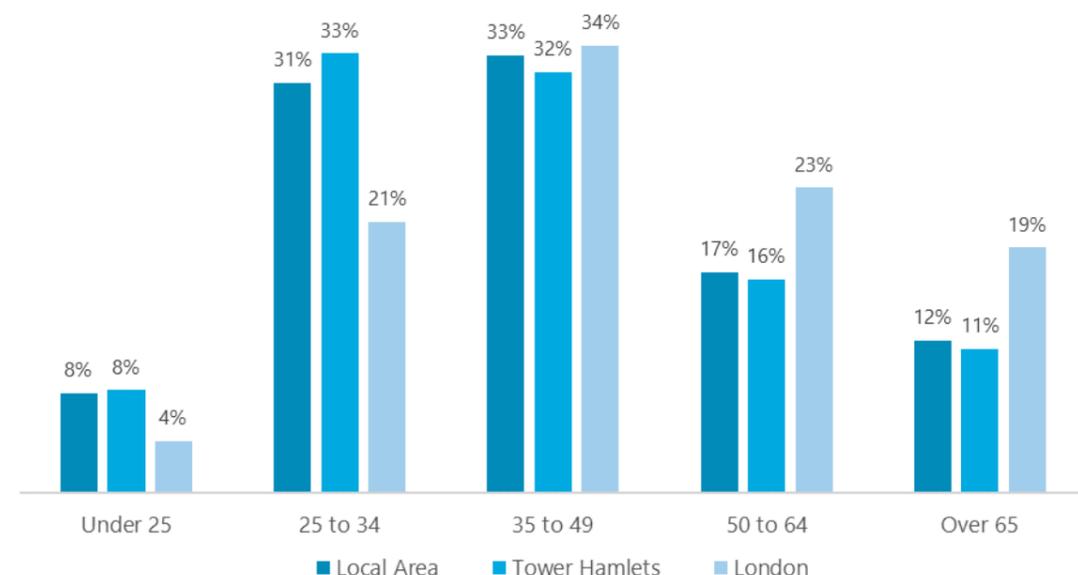
Source: Knight Frank Research, ONS, MHCLG, GLA

3.2 Demographic Trends

There are approximately 33,971 households in the local area, the majority of which are aged 25 to 49. Households aged 35 to 49 account for 33% of all households, followed closely by the 25 to 34 age group, who account for 32% of all households (see Figure 24).

The local area has a younger age profile than London as a whole. Young households are attracted to the area due to proximity to transport and employment hubs, as well as locally accessible amenities. Households aged under 35 account for 39% of local area households compared to 25% for London as a whole. Households aged 50 and over account for just 29% of local area households, compared with 27% for Tower Hamlets and 42% for London as a whole. The presence of young households indicates demand for short-term rental accommodation, as the younger age cohorts are more likely to require flexibility to take up short term employment, study or training opportunities.

Figure 24: Tower Hamlets - Distribution of Households by Age Group



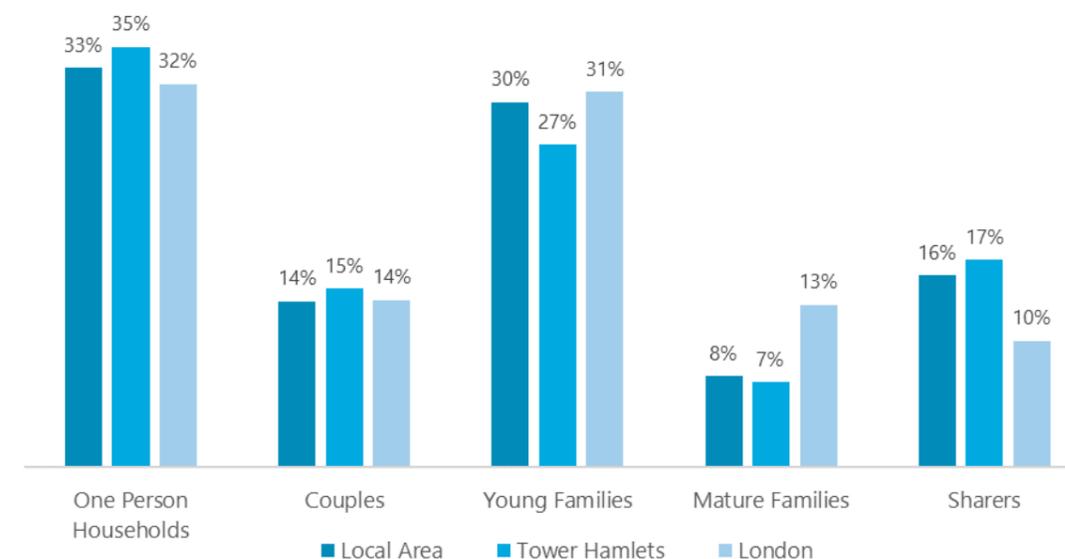
Source: Knight Frank Research, Census 2011

The local area is dominated by single person households which account for a third of all households in the area (see Figure 25). The density of single person households in the local area is mirrored across the Borough of Tower Hamlets and wider London, representing 35% and 32% of all households, respectively. Single person households are most likely to be in need of short-term rental accommodation.

Young families also account for a high proportion of total households in the local area (30%), which is broadly in line with Tower Hamlets (27%) and London (31%). Less than 10% of all households within the local area are accounted for by Mature Families, compared by 13% across London, suggesting they gravitate towards the suburbs of the city.

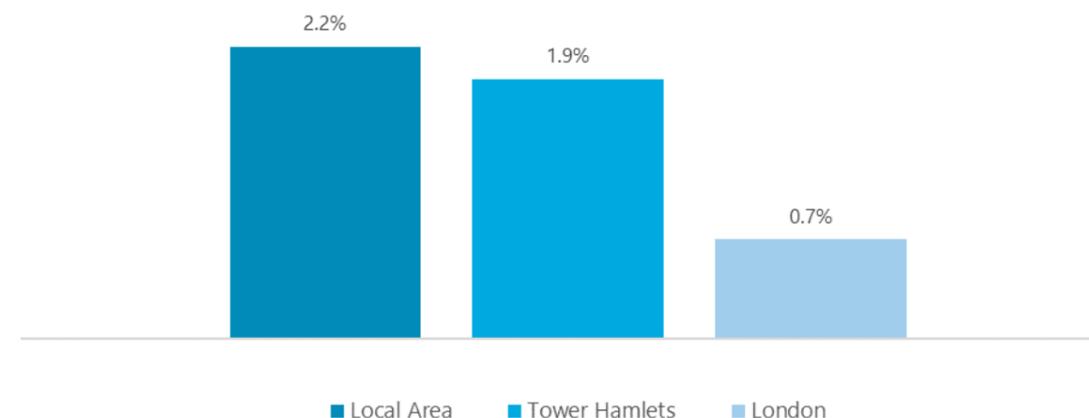
The share of student housing in the local area and borough of Tower Hamlets is significantly higher than the London average (see Figure 26). This is as a result of the central location of the local area, in the context of proximity to university buildings and campuses. The local area is therefore convenient and accessible location for students to live in. Students are also likely to create demand for short-term accommodation to fit in with their university terms and short term opportunities such as internships and study placements.

Figure 25: Tower Hamlets - Distribution of Household Types



Source: Knight Frank Research, Census 2011

Figure 26: Tower Hamlets - Share of student-only Households



Source: Knight Frank Research, Census 2011

We have used Census and Experian data to analyse how the proportion of private renter households has changed over time (see Figure 27). From 2001 to 2018, the share of PRS households within the local area increased significantly. While in 2001, only 17% of households within the local area rented, over a third of all households in the area now renting. Whilst the share of PRS households across London as a whole has increased, this has been at a steadier rate.

In 2018 in the local area, 16,634 (34%) of households privately rented. This is marginally lower than the Borough of Tower Hamlets average (38%) yet higher than the rate across the whole of London (25%).

In terms of the total number of PRS households, the local area has seen an increase of 40% (+4,740) since 2011. This is less than the Borough of Tower Hamlets increase of 47% but much higher than the London increase of just 4.5%. This suggests that the area has, in the last few years especially, become an increasingly attractive area for private renters.

The historic trend in increasing proportions of private rented households provides evidence for an increasing demand for private rented accommodation in the local area.

Figure 27: Tower Hamlets – Share of PRS Households



Source: Knight Frank Research, Census 2011¹, Experian

Household age distribution differs when analysing PRS households alone (see Figure 28). Younger households become even more prominent, with 67% of PRS households aged under 35 in the local area compared with 39% across all tenures (see Figure 24). This is higher than the proportion of young renters seen in London as a whole (52%).

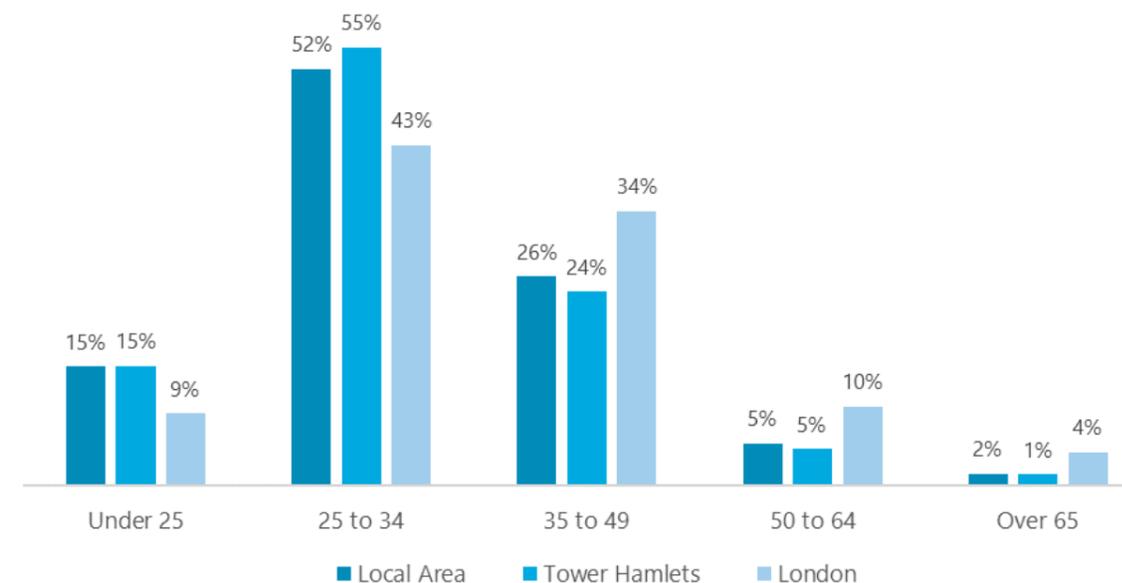
These young renters within the borough and local area are likely to be living in either shared or One person households as the density of these households are the highest within the local area, as illustrated in Figure 25. PRS households in the local area have a smaller share of older age groups compared to other tenures. Just 5% of all PRS households in the local area are aged 50 or over and a marginal 2% of all households are aged 65 or over.

The distribution of household types for PRS households also varies when compared to all tenures. Whilst One person households retain a significant proportion in the local area, borough and wider London, Sharer households have become more dominant in the private rented sector across all areas (see Figure 29). Sharers account for 36% of PRS households in the local area compared to just 16% across all tenures. This accounts for almost 5,000 sharer households in the local area. This proportion of 36% is significantly higher than the London average of 23%, which shows how prevalent sharers are in the local area. This demonstrates demand for short-term rental accommodation as sharers are likely to be the most transient tenant type.

¹ Note: Income and Tenure data sourced from Experian that analyses households on a regional basis has been modelled to estimate smaller geographical areas.

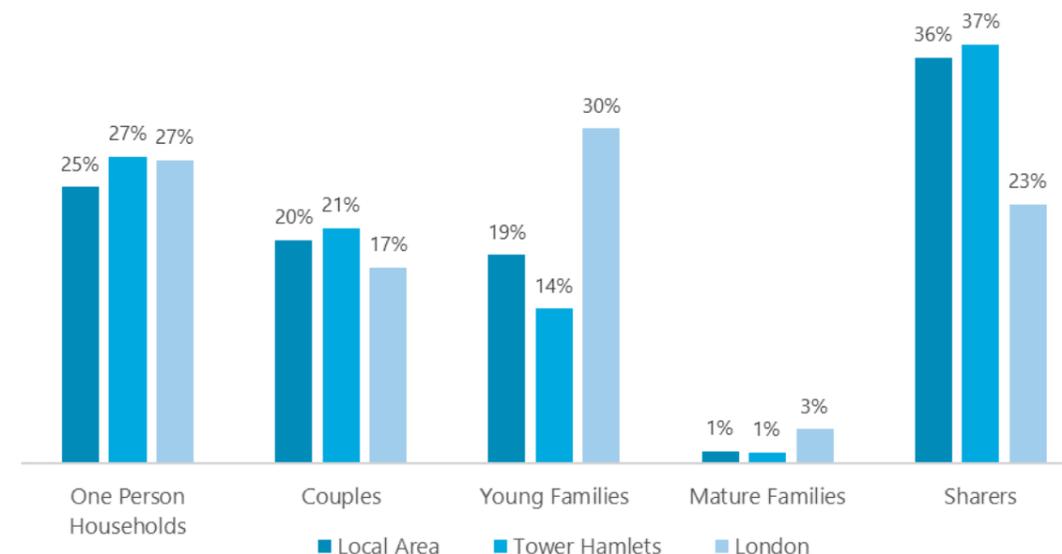
Unsurprisingly, the share of student-only households also rises when analysing PRS households. In the local area, the share has risen from 2.2% for all tenures to 5.8% for PRS households (see Figure 30).

Figure 28: Tower Hamlets – Distribution of PRS Households by Age Group



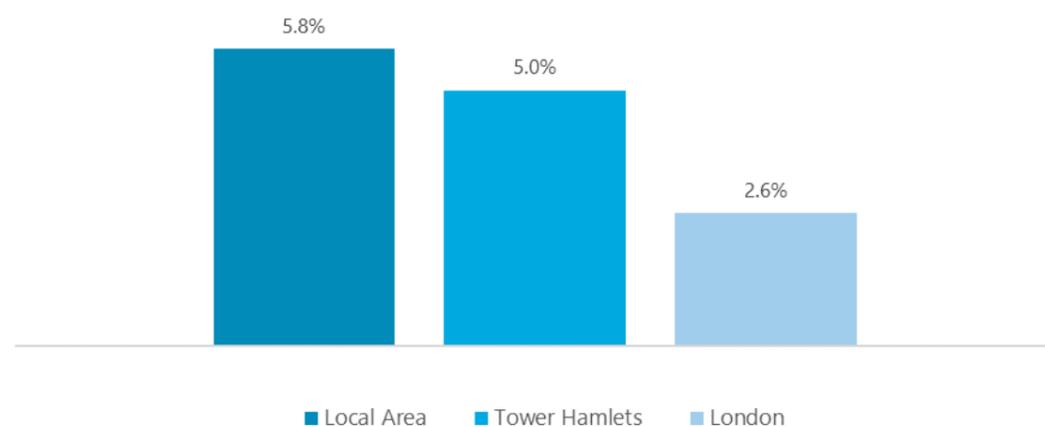
Source: Knight Frank Research, Census 2011

Figure 29: Tower Hamlets – Distribution of PRS Household Types



Source: Knight Frank Research, Census 2011

Figure 30: Tower Hamlets – Share of Student – only PRS Households



Source: Knight Frank Research, Census 2011

3.3 Student Numbers

Data from the Higher Education Statistics Authority (HESA) indicates that there are 17,287 full-time students living within a 20 minute walk time of Panda House. 5,453 of these students are studying at Queen Mary University of London, 1,547 at the University of East London, 1,044 at King’s College London, 971 at the University of Greenwich and a further 8,272 studying at other higher education institutions across London. 20% of these students are identified within the data as living at home with parents.

Between 2014/15 and 2018/19, the number of full-time students living within a 20 minute walk time of Panda House, have increased by 7.4%. Within the wider catchment of Tower Hamlets local authority, full-time students have increased by 16.4% to 30,066.

International, non-UK domiciled students represent 36.9% of total full time students living within a 20 minute walk time of Panda House and 42.7% across Tower Hamlets. Between 2014/15 and 2018/19 their numbers in Tower Hamlets have increased by 20.5%.

Of the 30,066 full-time students living in Tower Hamlets, 6,292 (21%) are undergraduates in year 3 or above. According to the results of the Knight Frank/UCAS Student Accommodation Survey 2020, 70% of final-year students studying in London intend to remain in London in search for work upon graduation. This means that potentially up to 4,400 students will be looking private rented sector home locally in Tower Hamlets, or within the wider market of London. Short-term rental accommodation would be ideal for these graduates wanting to remain in the local area and would provide the flexibility they require whilst they make their next step into employment.

Table 7: Student Profile – 2018/19 academic cycle

HE Student Population	Tower Hamlets	%	% change from 2014/15	20 minutes walk time	%	% change from 2014/15
Undergraduate	21,510	62.4	7.4	13,563	68.0	6.1
UK	14,868	43.1	3.4	9,827	49.2	5.8
Non-UK	6,642	19.3	17.5	3,736	18.7	6.6
Postgraduate	12,954	37.6	18.0	6,391	32.0	1.2
UK	4,886	14.2	10.3	2,768	13.9	19.5
Non-UK	8,068	23.4	23.2	3,623	18.2	-9.4
Total student population	34,464	100.0	11.1	19,954	100.0	4.4
Total international students	14,710	42.7	20.5	7,359	36.9	-1.9
Total full time undergraduates	19,794	67.7	13.1	12,501	72.3	11.0
Full time students	30,066	100	16.4	17,287	100	7.4

Source: HESA, Knight Frank Research

3.4 Household Growth

Historic household growth gives insight into how growth in demand for residential accommodation. Since 2011, Tower Hamlets has seen 32% growth, which equates to 4,134 new households per year on average. This is higher than the total growth seen in London of 14%.

Overall, the average annual growth rate within Tower Hamlets has been 3.6% over the period 2011-2019, which is significantly higher than that of London as a whole. Much of this growth in Tower Hamlets can be attributed to Sharers, who had an average annual growth rate of 4.7% (higher than the London average annual growth for Sharers of 2.8%). This is likely to have created increased demand for short-term rental accommodation, as sharers are the most likely household group to require short-term rental accommodation.

In Tower Hamlets, the highest growth rate in total numbers originated from One Person Households (1,163 new households per year). These accounted for 28% of all new households within the borough, created on an annual basis.

Across London, Young Families and One person households accounted for the majority of growth (52% of total new households created annually).

Table 8: Tower Hamlets – Household Growth by Household Type

Tower Hamlets	2011-2019 average annual growth	Average annual growth rate	Total growth
One person HH	1,163	2.92%	26%
Couple (no children)	647	3.54%	32%
Young Families	1,132	3.68%	33%
Mature Families	218	3.63%	33%
Sharers	974	4.68%	44%
Total households	4,134	3.57%	32%

Source: Knight Frank Research, GLA

Table 9: London – Household Growth by Household Type

London	2011-2019 average annual growth	Average annual growth rate	Total growth
One person HH	12,292	1.13%	9%
Couples	7,535	1.23%	10%
Young Families	17,853	1.69%	14%
Mature Families	8,261	2.88%	25%
Sharers	11,911	2.78%	25%
Total households	57,852	1.66%	14%

Source: Knight Frank Research, GLA

Analysis of household projections gives an indication of future demand for residential accommodation. Within Tower Hamlets, it is projected that the number of total households will increase by 11% by 2024 to almost 150,000 households (outlined in Table 10). This is higher than the projected growth across London, which currently stands at 7%.

All household types, at both borough and city level, can expect to see increases of at least 5% growth over the next 5 years. The most notable increases (in percentage terms) are the Sharers and Mature Families households, which are expected to witness increases of 17% and 13% respectively within the borough. The growth of Sharers within the borough is higher than the projected increase for the group across London (12%), whereas Mature Families are similarly expected to experience a 13% growth in the number of households across wider London.

In total numbers, the highest growth is expected among One Person Households and Sharers, with a total of 3,930 and 4,285 new households respectively. When combined, these household types account for 57% of all new household growth in the borough. As shown in Figure 29, large proportions of these household types are likely to be private renters, a portion of which are likely to require short-term rental accommodation.

Please note that the projected household numbers are the base case projection produced by MHCLG in 2019. Additional growth created by regeneration and new schemes is not taken into account. Subsequently we reviewed the household change in a number of locations which have experienced regeneration and all areas demonstrated a significant increase in younger households and sharers.

As a result, we expect to witness similar changes within the analysed local area.

Table 10: Tower Hamlets – Projected Household Growth by Household Type

Tower Hamlets	2019	2024	% increase	Total growth	% of New Households
One person HH	45,298	49,228	9%	3,930	27%
Couple (no children)	21,292	23,402	10%	2,109	15%
Young Families	36,095	39,352	9%	3,257	22%
Mature Families	7,049	7,957	13%	908	6%
Sharers	25,430	29,715	17%	4,285	30%
Total households	135,165	149,654	11%	14,488	100%

Source: Knight Frank Research, GLA

Table 11: London – Projected Household Growth by Household Type

London	2019	2024	% increase	Total growth	% of New Household
One person HH	1,144,967	1,198,189	5%	53,221	20%
Couple (no children)	648,193	683,780	5%	35,586	13%
Young Family	1,138,846	1,213,735	7%	74,889	28%
Mature Families	325,453	367,398	13%	41,945	16%
Sharers	483,804	543,744	12%	59,940	23%
Total households	3,741,264	4,006,846	7%	265,582	100%

Source: Knight Frank Research, GLA

3.5 PRS Household Growth

The Knight Frank in-house developed tenure distribution model identifies growth in the number of PRS households in the Borough of Tower Hamlets during the next 5 years could reach 1.9% p.a, equivalent to 10.1% total growth over the period 2019 – 2024.

Current projections show that this increase can be attributed to the 34 to 65 age cohort, which will contribute to 27.1% of all new PRS households in Tower Hamlets over the next 5 years. This equates to more than the net total (3,931) of new households, due to the decrease in the number of PRS households ages 25-34 (the only age group set to experience a decline in the number of PRS households). The 65+ age cohort is similarly set to experience an encouraging growth in the number of PRS households over the same period (+4.5%).

Over the period 2019-2029, the 25-24 age cohort is expected an encouraging increase in population (31.8%). However, looking forward, the 25-34 age cohort is projected to experience the smallest increase (5.9%), a likely explanation of the negative growth in 24-35 year olds within PRS households over the next five years (-3.70% p/a).

The tenure distribution model is based on the household projections produced by MHCLG. It incorporates findings from EHS with assumptions developed internally within Knight Frank. The household's projections used are 2016 based central trend projections (not housing-led).

PRS households aged 25 to 34 are expected to decrease in number over the next five. However, as shown in Table 6, the population of this age cohort is predicted to increase by 5.7% to 60,133 individuals over the next 10 years and by 5.9% to 60,367 individuals over the next 20 years. Therefore, despite the predicted fall in the number of 25 to 34 PRS households, the total number of individuals aged 25 to 34 is expected to increase. This suggests that these young people are simply not forming their own households. A lack of quality, affordable rental accommodation could be leading them to stay in the family home for longer; a trend seen across the UK. This age group is most likely to require short-term accommodation, and a lack of supply in the borough could also be causing these individuals to remain in the family home for longer.

Table 12: Tower Hamlets – Projected Growth of Private Renter Households by Age Cohort

Private Renter households	No. of PRS households - 2019	New PRS households over next 5 years	Annual growth rate
Under 25	5,467	1,078	3.7%
25 to 34	13,956	-2,411	-3.7%
34 to 65	18,357	4,978	4.9%
65 or more	1,157	286	4.5%
Total	38,937	3,931	1.9%

Source: Knight Frank Research, GLA, English Housing Survey, MHCLG

Calculating demand for PRS

Currently there are 38,937 households in the borough renting from the private rented sector. 32% of these PRS households are estimated to be households in which two or more adults, that are not a couple, are sharing. This equates to 12,460 households living as sharers within the private rented sector within the borough.

The average household size of 'sharer' households in Tower Hamlets is estimated at 2.9 persons per household. If this applied to the number of sharer households in the PRS there are an estimated 36,134 people living as sharers within this tenure across the borough.

If the number of PRS households is projected forward five years, the number of households overall increases to 42,868 and the number of sharer households increased to an estimated 13,718. This equates to a household population of 39,781 people living in the tenure.

Table 13: Tower Hamlets – Current & projected demand for PRS

Private Renter households	Households living in the PRS	'Sharer' households living in the PRS	Estimated number of people living in sharer households in the PRS
2019	38,937	12,480	36,134
2024	42,868	13,718	39,781
Growth in PRS tenure	3,931	1,238	3,647

Source: Knight Frank Research, GLA, ONS

Summary

- There are approximately 13,800 private renter households in the local area, a portion of which are likely to require the flexibility offered by short-term accommodation in order to take up short-term employment, study and training opportunities.
- Those most likely to require short-term rental accommodation are sharers, which account for 36% of local PRS households (c. 4,968 households), students, of which there are 17,287 studying within the local area, and one person households, which account for 25% of local PRS households (c.3,450 households).
- Younger individuals are also more likely to require short-term rental accommodation. Those aged under 35 account for 67% of local PRS households (c. 9,246), and individuals of this age are expected to increase by 11.9% from 94,370 in 2019 to 103,099 by 2029.

4. SOCIO-ECONOMIC CHARACTERISTICS

4.1 Household segmentation

There are a total of 33,971 households in the local area. We used the household segmentation developed by Experian to identify socio-demographic make-up of the local area households. Table 14 below, displays the top 10 MOSAIC households and their details.

51% of households in the local area can be classified as MOSAIC Group K - Municipal Challenge – These are urban renters of social housing facing an array of challenges with a median household income of £34,400 per annum. The next highest share is MOSAIC Group A – City Prosperity, which account for 29% of local households. Unlike the Municipal Challenge households, this group are typically well-educated, pursuing rewarding careers within the city and have a median household income of over £117,600 per annum.

This analysis demonstrates the wide range of household types in the local area that all need to be served by local housing supply.

Table 14: Split of all Households in the Local Area, by MOSAIC Type

MOSAIC Group	Name	Description	Number of households	Share	Median household income (£)
K	Municipal Challenge	Urban renters of social housing facing an array of challenges	17,403	51%	£34,400
A	City Prosperity	High status city dwellers living in central locations and pursuing careers with high rewards	9,921	29%	£117,600
O	Rental Hubs	Educated young people privately renting in urban neighbourhoods	5,701	17%	£59,687
N	Urban Cohesion	Residents of settled urban communities with a strong sense of identity	652	2%	£59,965
H	Aspiring Homemakers	Younger households settling down in housing priced within their means	236	1%	£59,433
L	Vintage Value	Elderly people reliant on support to meet financial or practical needs	52	0%	£9,450
J	Transient Renters	Single people privately renting low cost homes for the short-term	5	0%	£27,100
I	Family Basics	Families with limited resources who have to budget to make ends meet	1	0%	£53,500
Grand Total			33,971	100%	£50,600

Source: Knight Frank Research, Experian

Note: Income and Tenure data sourced from Experian that analyses households on a regional basis has been modelled to estimate smaller geographical areas.

There are 13,800 private renter households in the local area which accounts for over 40%² of total local households. The area is very diverse in terms of socio-economic profiles; therefore, we have selected the top 10 categories to analyse. This covers the majority (99%) of the mosaic types in the area.

2,734 of local private renters (20%) are categorised as MOSAIC Type O63 – Flexible Workforce. These households are typically self-starting young renters who are ready to move to follow worthwhile incomes from service sector jobs. This MOSAIC Type is a key target group for short-term rental accommodation.

² The percentage of households renting in the local area may differ slightly from the share presented in section 3.2. This is due to differences in the spatial analysis approach between the two data sets.

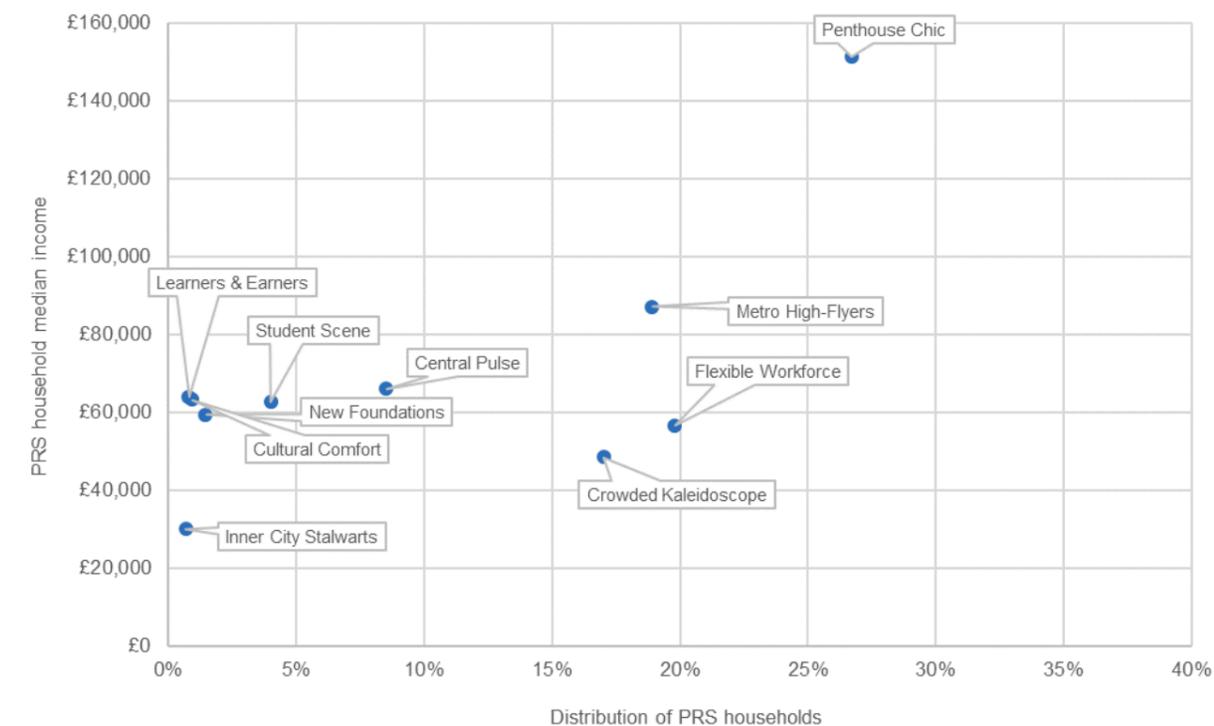
Note: Income and Tenure data sourced from Experian that analyses households on a regional basis has been modelled to estimate smaller geographical areas.

Table 15: PRS Households in the Local Area, by MOSAIC Type

MOSAIC Type	Name	Description	Number of Households in local area	Share	Median household income	Max Rent at median Income	Upper Quartile
A03	Penthouse Chic	City suits renting premium-priced flats in prestige central locations where they work hard and play hard	3,687	27%	£151,200	£5,040	£171,073
O63	Flexible Workforce	Self-starting young renters ready to move to follow worthwhile incomes from service sector jobs	2,734	20%	£56,750	£1,892	£66,575
A04	Metro High-Flyers	Ambitious 20 and 30-somethings renting expensive apartments in highly commutable areas of major cities	2,610	19%	£87,150	£2,905	£108,295
K45	Crowded Kaleidoscope	Multi-cultural households with children renting social flats in over-crowded conditions	2,348	17%	£48,535	£1,618	£56,800
O62	Central Pulse	Entertainment-seeking youngsters renting city centre flats in vibrant locations close to jobs and night life	1,175	9%	£66,100	£2,203	£76,200
O66	Student Scene	Students living in high density accommodation close to universities and educational centres	551	4%	£62,700	£2,090	£69,915
H34	New Foundations	Occupants of brand new homes who are often younger singles or couples with children	200	1%	£59,433	£1,981	£72,300
N58	Cultural Comfort	Thriving families with good incomes in multi-cultural urban communities	127	1%	£63,300	£2,110	£73,550
O65	Learners & Earners	Inhabitants of the university fringe where students and older residents mix in cosmopolitan locations	111	1%	£64,107	£2,137	£73,100
K44	Inner City Stalwarts	Long-term renters of inner city social flats who have witnessed many changes	93	1%	£30,167	£1,006	£34,400
Other			164	1%			
Grand Total			13,800	100%	£71,100	£2,370	

Source: Knight Frank Research, Experian³

Figure 31: PRS Household Segments and Income



Source: Knight Frank Research, Experian

4.2 Household Incomes by Tenure

Analysing household income gives insight into the distribution of wealth and the levels of rent that local households can afford.

Household incomes in the local area vary by tenure and the distribution is presented in Figure 32. The highest median household income is seen among private renters, at £71,100 per annum, followed by owner occupiers at £66,800 per annum and social renters at £32,750 per annum. The overall median income for all households across the local area is £33,971 per annum (see Table 16).

Table 16: Local Area Median Household Incomes by Tenure

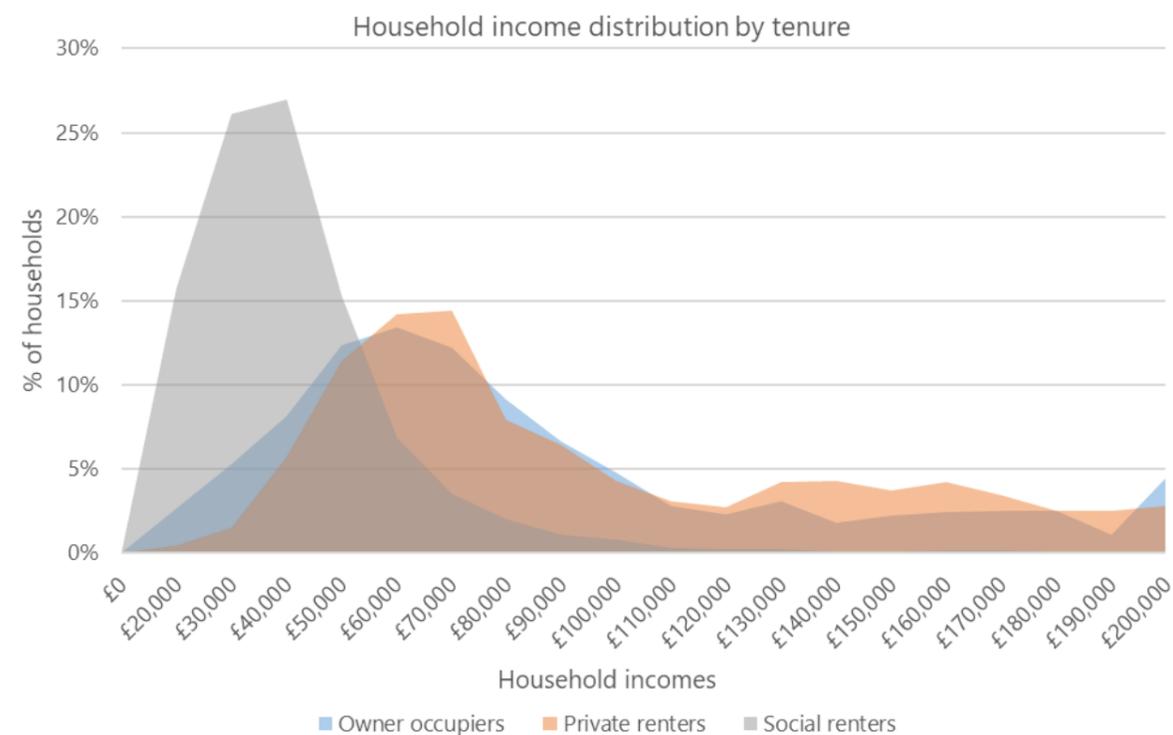
	Median household income per annum
Owner occupiers	£66,800
Private renters	£71,100
Social renters	£32,750
All	£50,600

Source: Knight Frank Research, Experian

Note: Income and Tenure data sourced from Experian that analyses households on a regional basis has been modelled to estimate smaller geographical areas.

³ Note: Income and Tenure data sourced from Experian that analyses households on a regional basis has been modelled to estimate smaller geographical areas.

Figure 32: Local Area Household Income Distribution by Tenure



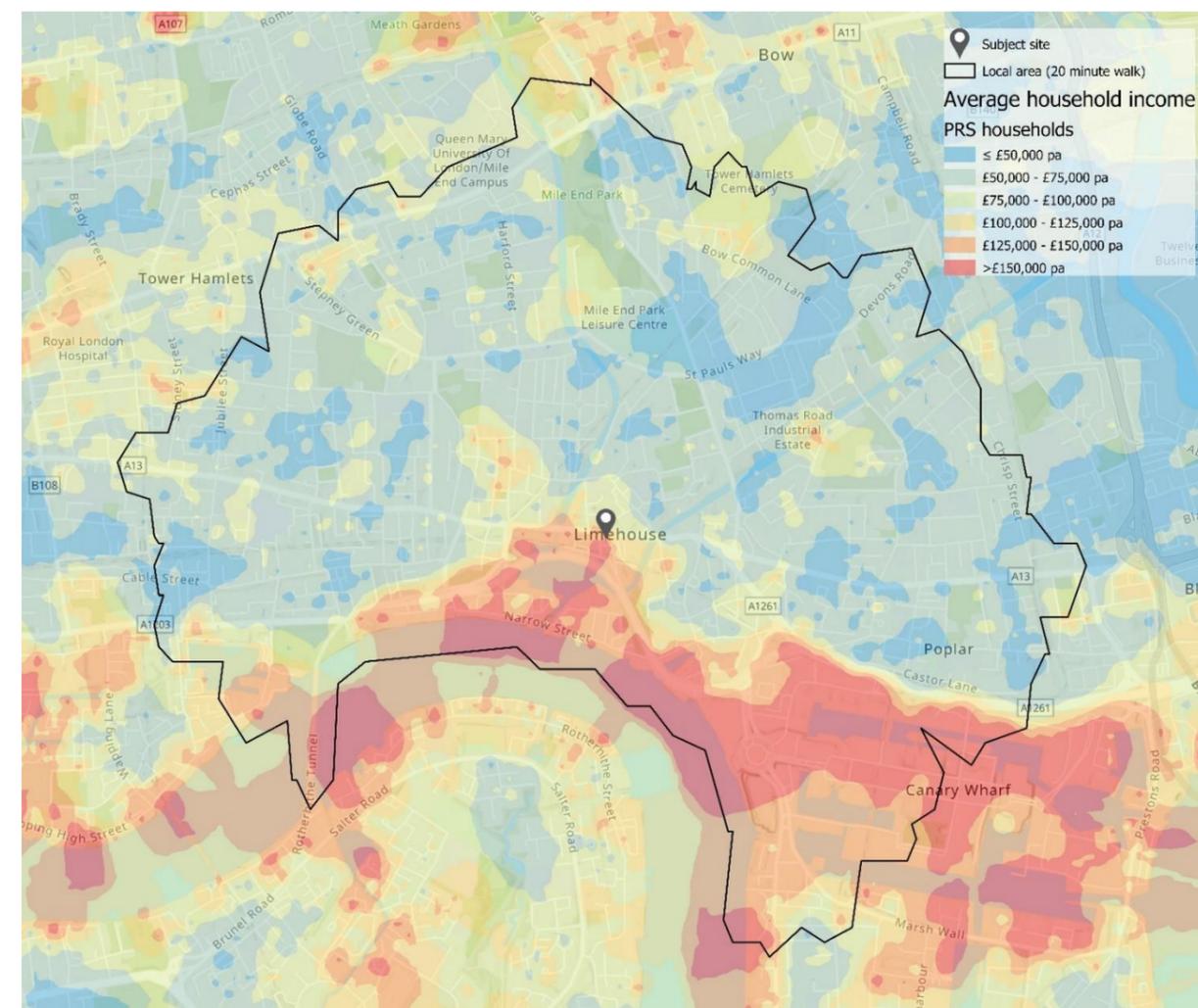
Source: Knight Frank Research, Experian

Note: Income and Tenure data sourced from Experian that analyses households on a regional basis has been modelled to estimate smaller geographical areas.

As shown in [Figure 33](#), the local area is characterised by a wide range of household's income bands, with households in the immediate vicinity of Panda House typically earning in excess of £75,000 per annum.

There is a clear pattern of distribution of PRS household incomes across the local area, with the highest household incomes clustered to the south of the local area along the river Thames, at Limehouse Basin and in Canary Wharf. These areas typically see PRS household incomes in excess of £125,000 per annum. The remainder of the local area is home to PRS households with lower incomes of up to c. £75,000 per annum.

Figure 33: Heat Map showing PRS Household Incomes



Source: Knight Frank Research, Experian

4.3 Historic Changes in Income

The latest salary statistics as displayed in [Table 17](#) show that in 2019, the annual average salary for residents within the Borough of Tower Hamlets was £42,602. This is higher than both the London average (£36,797) and UK average (£30,353).

An individual living within the Borough of Tower Hamlets on the above average salary of £42,602, could afford a maximum rent of £1,420pcm. This assumes that a single person would allocate 40% of their gross income to renting a property.

The average annual salary of the workforce employed within the Borough of Tower Hamlets is £46,142, which is higher than the resident's income. This level is also higher than the average workforce salaries across London and the UK.

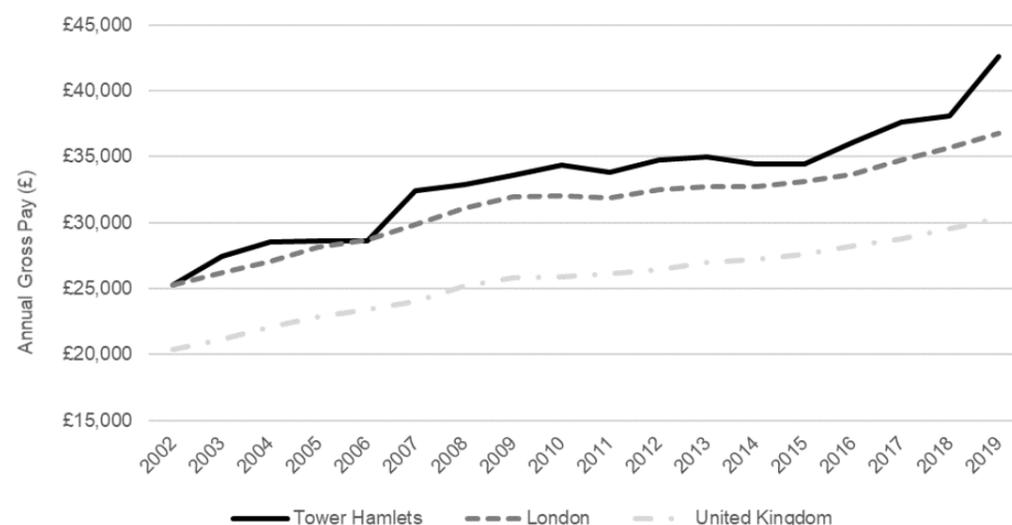
An individual working in Tower Hamlets on the average workforce salary of £46,142, could afford a maximum rent of £1,538 pcm.

Table 17: Resident- and Workplace-Based Income Summary

Area	Resident		Workplace	
	Average salary	Max rent pcm	Average salary	Max rent pcm
Tower Hamlets	£42,602	£1,420	£46,142	£1,538
London	£36,797	£1,227	£38,992	£1,300
United Kingdom	£30,353	£1,012	£30,353	£1,012

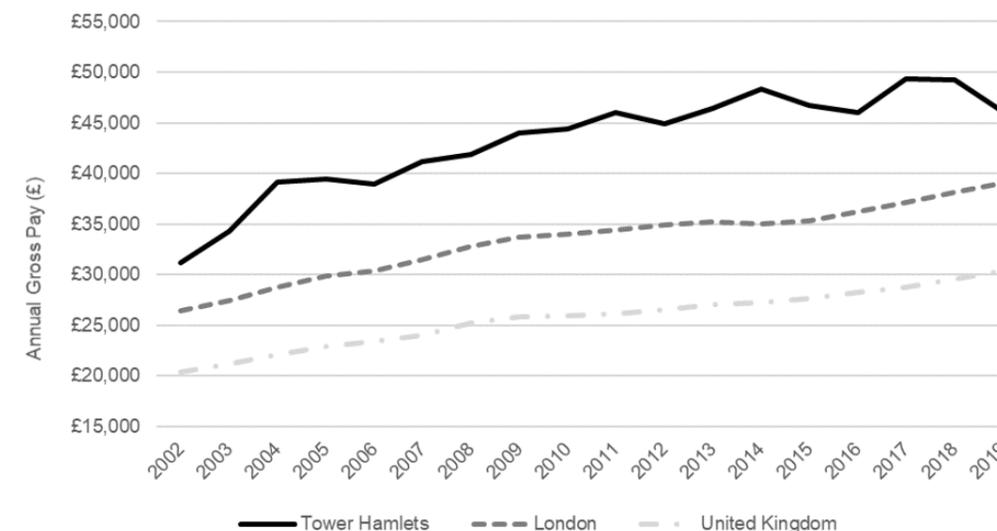
Source: Knight Frank Research, ASHE

Figure 34: Resident Based Gross Income



Source: Knight Frank Research, ASHE

Figure 35: Workplace Based Gross Income



Source: Knight Frank Research, ASHE

4.4. Affordability Analysis

We have produced a model to analyse rental affordability in the local area, and all households have been classified by their MOSAIC type. As shown in

Table 20 We have used the 2019 average asking rents for Tower Hamlets, as well as the proposed rents for Panda House, to analyse affordability.

Table 18 below displays the affordability analysis by MOSAIC type, within the local area. Overall, 87% of PRS households (12,060 households) in the local area could afford to rent the average studio flat in Tower Hamlets. However, the proportions vary significantly by MOSAIC Type, with only 63% of Crowded Kaleidoscope households (1,482 households) and 10% of Inner City Stalwarts households (9 households) able to afford to rent the average studio flat in Tower Hamlets. This analysis does not take account of how many people are in each household, so many of the households who are unable to rent studio accommodation, could in fact be households of multiple people who would ideally require a larger property.

Affordability decreases for larger properties, with 80% of PRS households in the local area able to afford to rent the average one bed property (11,014 households), and 57% able to afford to rent the average two bed property (7,863 households).

Table 18: PRS Affordability Analysis by MOSAIC Type – Local Area – Tower Hamlets Average Rents

MOSAIC Type	Name	Studios		1 bed		2 bed	
		No. of HHs	Share of HHs able to afford	No. of HHs	Share of HHs able to afford	No. of HHs	Share of HHs able to afford
A03	Penthouse Chic	3,686	100%	3,685	100%	3,669	100%
O63	Flexible Workforce	2,193	80%	1,804	66%	724	26%
A04	Metro High-Flyers	2,529	97%	2,485	95%	2,177	83%
K45	Crowded Kaleidoscope	1,482	63%	1,000	43%	226	10%

MOSAIC Type	Name	No. of HHs	Share of HHs able to afford	No. of HHs	Share of HHs able to afford	No. of HHs	Share of HHs able to afford
O62	Central Pulse	1,066	91%	985	84%	596	51%
O66	Student Scene	546	99%	539	98%	209	38%
H34	New Foundations	196	98%	186	93%	66	33%
N58	Cultural Comfort	112	88%	109	86%	49	39%
O65	Learners & Earners	95	86%	86	77%	42	38%
K44	Inner City Stalwarts	9	10%	0	0%	0	0%
All households		12,060	87%	11,014	80%	7,863	57%

Source: Knight Frank Research, Experian, Rightmove⁴

Table 19 displays the affordability analysis by MOSAIC type for all PRS households within the local area based on the proposed rents for Panda House. 65% of Inner City Stalwarts (60%) households could afford to rent a single room in Panda House, whereas only 9 (10%) could afford to rent the average Tower Hamlets studio (see Table 18).

Across all MOSAIC types, 13,541 PRS households (98%) in the local area could afford to rent a single room in Panda House, whilst only 87% could afford to rent the average Tower Hamlets studio. 13,385 PRS households in the local area (97%) could afford to rent a Panda House double room and 100% of the local area's PRS households could afford to rent a double room on a per bed basis.

Overall, affordability is higher for the Panda House rents in comparison to the Tower Hamlets average asking rents shown in Table 18. Panda House is therefore likely to serve the need for more affordable rental accommodation in the local area.

Table 19: PRS Affordability Analysis by MOSAIC Type - Local Area – Panda House Rents

MOSAIC Type	Name	Single Room		Double Room		Double Room per bed	
		No. of HHs	Share of HHs able to afford	No. of HHs	Share of HHs able to afford	No. of HHs	Share of HHs able to afford
A03	Penthouse Chic	3,687	100%	3,687	100%	3,687	100%
O63	Flexible Workforce	2,679	98%	2,650	97%	2,730	100%
A04	Metro High-Flyers	2,593	99%	2,589	99%	2,610	100%
K45	Crowded Kaleidoscope	2,227	95%	2,161	92%	2,336	99%
O62	Central Pulse	1,157	98%	1,134	97%	1,173	100%
O66	Student Scene	551	100%	550	100%	551	100%
H34	New Foundations	200	100%	200	100%	200	100%
N58	Cultural Comfort	125	98%	125	98%	127	100%
O65	Learners & Earners	108	97%	108	97%	111	100%
K44	Inner City Stalwarts	60	65%	28	30%	82	88%
All households		13,541	98%	13,385	97%	13,766	100%

Source: Knight Frank Research, Experian, Rightmove

Table 20: Rents used to test affordability

Tower Hamlets 2019 Average Asking Rents		Panda House Proposed Rents	
No. of Beds	Average Rent	Room Type	Average rent
Studio	£1,501	Single Room	£1,000

⁴ Note: Income and Tenure data sourced from Experian that analyses households on a regional basis has been modelled to estimate smaller geographical areas.

1 Bed	£1,685	Double Room	£1,083
2 Bed	£2,185	Double Room (per bed)	£542

Source: Knight Frank Research, Rightmove

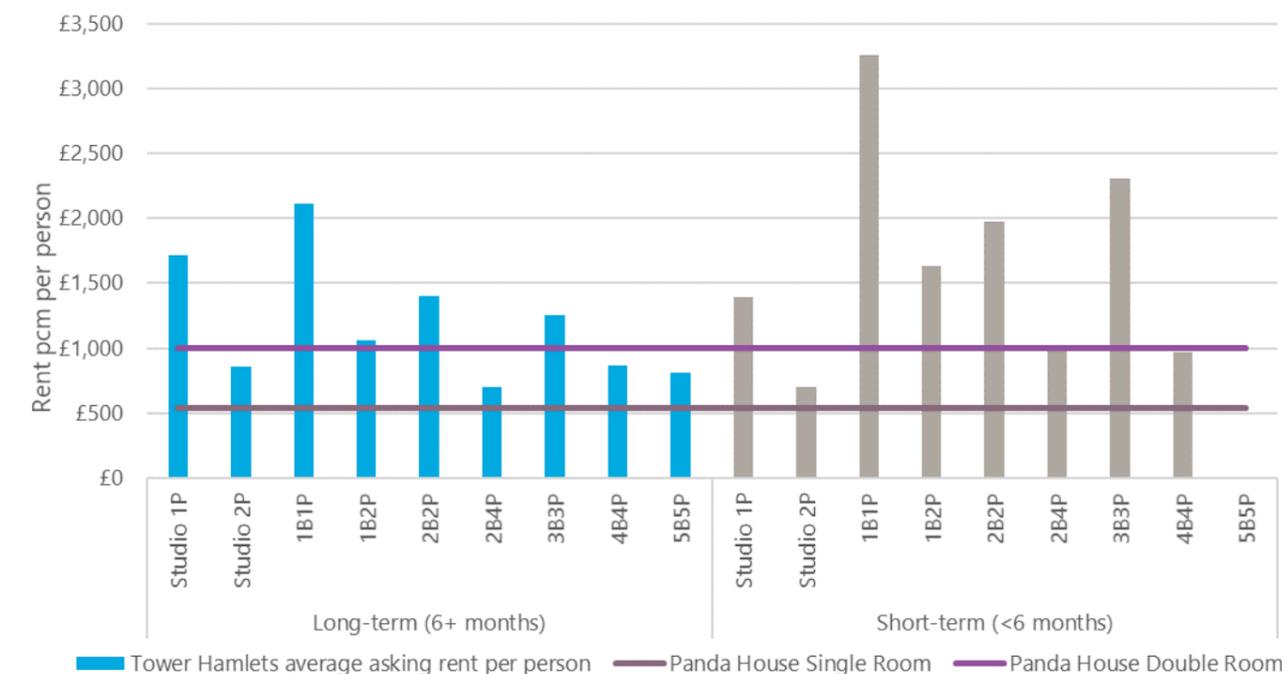
We have used the average asking rents in Tower Hamlets on a per room basis (as shown in Table 1) to compare with the proposed rents for Panda House. As shown in

Figure 36, a single room in Panda House, which costs £1,000 per calendar month (pcm) is cheaper than a single person renting a studio flat (£1,721), a one bed flat (£2,118) or renting a room in a two or three bed property (£1,404 pcm or £1,259 pcm respectively). Panda House becomes more affordable still when you compare with the average rents for short-term rental properties in Tower Hamlets, where a single person would have to pay £1,972 pcm on average for a room in a two bed property and £2,313 pcm on average for a room in a three bed property.

This analysis demonstrates that on average, renting short-term rent is significantly more expensive than renting on a long-term basis, and Panda House becomes even more affordable when analysing double rooms, which cost just £542 per person pcm. A couple sharing a one bed flat would be required to pay £861 per person pcm for the average long-term studio flat and £698 per person pcm to share the average short-term studio flat.

Overall, Panda House offers short-term accommodation that is more affordable than the current borough averages. This means that Panda House will serve the need for more affordable accommodation amongst transient renters, who are often in lower income jobs.

Figure 36: Average asking rent per person comparison: Tower Hamlets averages vs. Panda House⁵



Source: Knight Frank Research, Rightmove

⁵ Note: 1B1P is used to refer to a 1 bedroom property with 1 person living in it.

Summary

- 2,734 of local private renters (20%) are categorised as MOSAIC Type O63 – Flexible Workforce. These households are typically self-starting young renters who are ready to move to follow worthwhile incomes from service sector jobs. This MOSAIC Type is a key target group for short-term rental accommodation.
- Panda House offers more affordable rents than the borough averages, with 13,541 PRS households (98%) in the local area able to afford to rent a single room in Panda House, whilst only 87% (12,060) could afford to rent the average Tower Hamlets studio.
- Panda House serves the need for affordable short-term accommodation. A double room at Panda House costs £542 per person per calendar month, whilst a couple sharing the average short-term studio flat in Tower Hamlets would have to pay £698 per person.

5. DRIVERS OF DEMAND

5.1 Employment structure

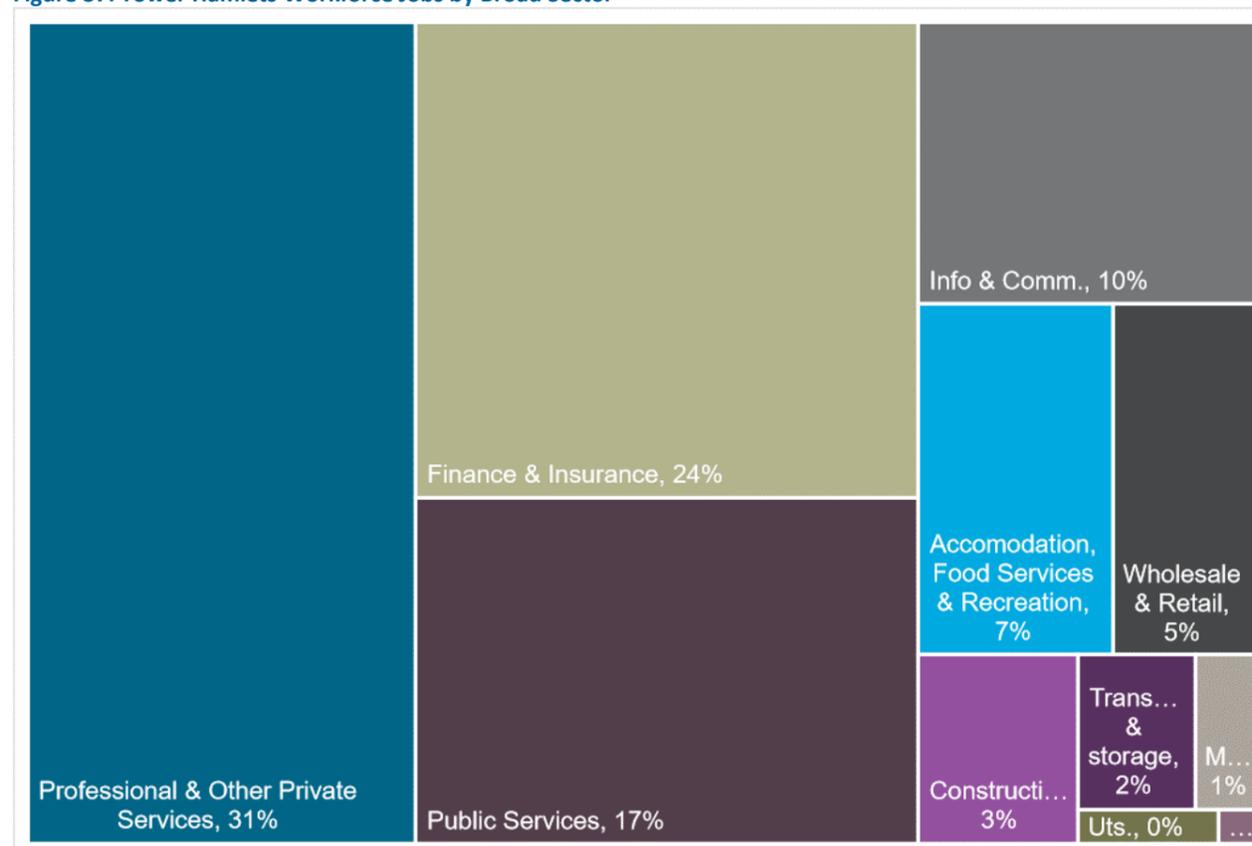
There are currently 341,900 workforce jobs in Tower Hamlets. The largest sector is Professional & Other Private Services with a 31% share, followed by Public Services with a 31% share, followed by Finance & Insurance with a 24% share (see Figure 37).

74.2% of people in Tower Hamlets are economically active, which is lower than the figures for London (78.1%) and Great Britain (78.9%). However, 36.1% of those who are economically inactive in Tower Hamlets are students, compared with 32.1% for London and 26.8% for Great Britain. *Source: Knight Frank Research, ONS*

63.4% of those in employment in Tower Hamlets are categorised as Soc 2010 Major Group 1-3, which includes managers, directors, senior officials, professional occupations and associate level professional and technical roles. This is higher than the proportion of Soc2010 Major Group 1-3 seen in London (58.6%) and Great Britain (47.5%). This demonstrates that a high proportion of those in Tower Hamlets who are employed are in senior, professional roles. *Source: Knight Frank Research, ONS*

Tower Hamlets is home to Canary Wharf, one of London's key employment hubs. The largest employers here include many banks such as Barclays, Credit Suisse First Boston, HSBC and JP Morgan, as well as other employers such as Crossrail, Clifford Chance LLP, EY (formerly Ernst & Young) and the Government Property Unit. These employers each have at least 2,000 employees in Canary Wharf. *Source: Knight Frank Research, PMA*

Figure 37: Tower Hamlets Workforce Jobs by Broad Sector



Source: Knight Frank Research, Experian

5.2 Employment growth projection

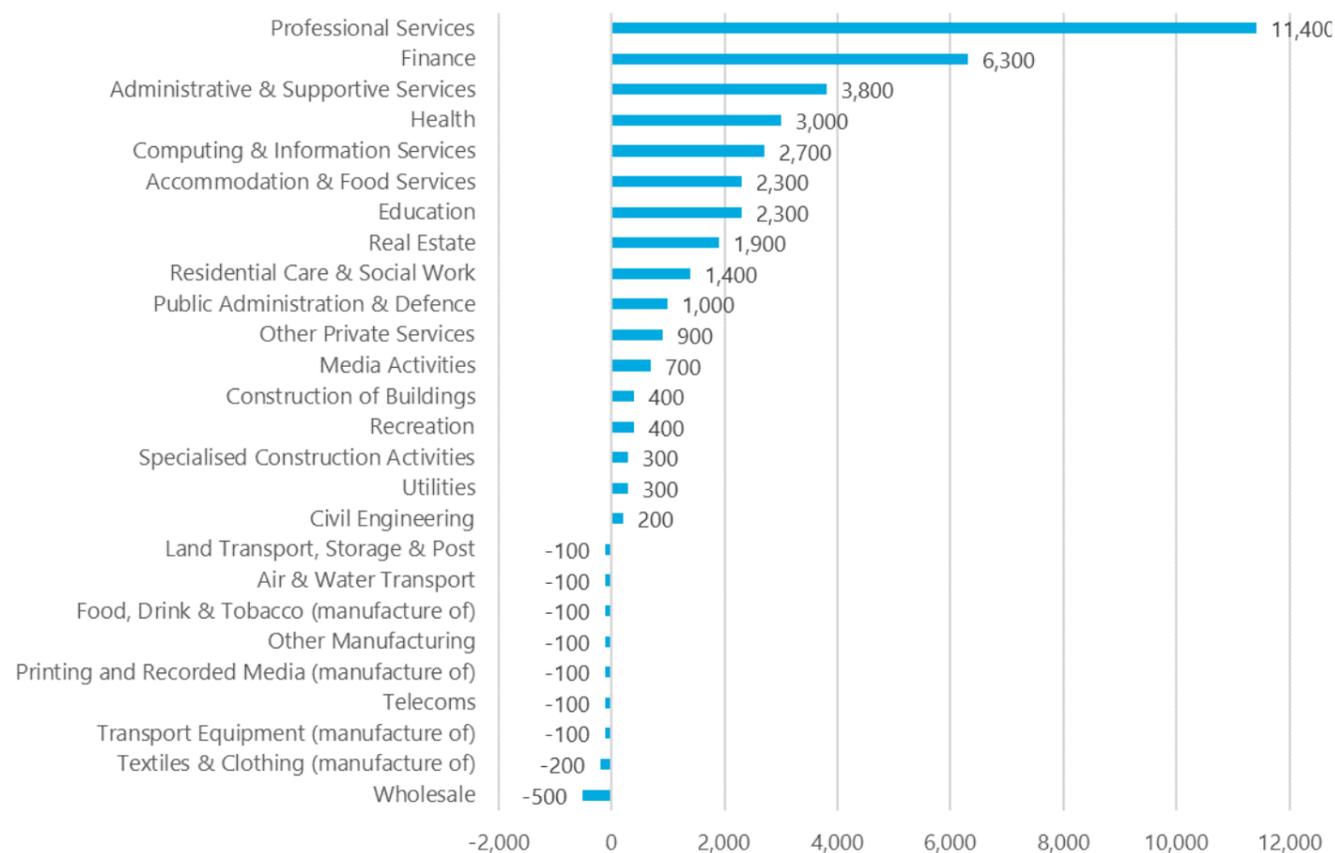
Over the next 10 years, it is projected that 39,300 new job opportunities will be created in Tower Hamlets. The focus of much of this growth is expected to be in the Professional Services and Finance industries (see Figure 38). 7,400 of these jobs are predicted to be in sectors such as Health, Accommodation & Food Services and Construction, which are often associated with temporary or short-term work placements. This indicates an increased demand for short-term rental accommodation in the future.

The expansion of various employers in the borough supports these employment growth forecasts. In 2018, the Government Property Unit committed to office space at 10 Colonnade in Canary Wharf, which will see 5,700 roles relocate from Whitehall. The European Bank for Reconstruction and Development pre-let 365,000 square feet at 5 Bank Street in Canary Wharf in 2019, with plans to transfer 2,500 employees here upon expiry of their lease in the City of London in 2022.

It is anticipated that some sectors, primarily within the manufacturing and wholesale sectors, will experience a net loss of 1,400 jobs, shifting the overall predicted net employment growth to 37,900 jobs by 2029.

These projections are the latest projections from Experian and do not take into account unconfirmed office or other employment space.

Figure 38: Job Growth in Tower Hamlets 2019 to 2029, by category



Source: Knight Frank Research, Experian

Employment in Tower Hamlets has grown by 24% since 2011, which is higher than the growth seen in London as a whole (22%) and significantly higher than the growth seen in the UK (12%) (see Figure 39).

Forecasts suggest that annual growth rates in Tower Hamlets over the next 20 years will be c.1.2% per annum, which is higher than both the London (0.7%) and the UK (0.5%) forecasts (see Table 21) Table 1. Some of this is attributed to the continued expansion of employers into the borough, as previously mentioned.

According to the forecast, employment in Tower Hamlets could increase by 26% over the next 20 years, which is higher than the estimated 15% for London and 10% for the UK. Employment growth is considered to be a key driver of private rental demand so the strong historic and forecast employment growth in Tower Hamlets supports the expected increasing demand within the private rented sector. In turn, this is also likely to result in an increase in demand for short-term rental accommodation.

Figure 39: Tower Hamlets Employment Growth Projection – Index (base 2011 = 100)



Source: Knight Frank Research, Experian

Table 21: Tower Hamlets Historic and Forecast Employment Growth 2011-2029

Employment	Growth since 2011	Projected over next 20 years	Projected p.a.
Tower Hamlets	24%	26%	1%
London	22%	15%	1%
United Kingdom	12%	10%	1%

Source: Knight Frank Research, Experian

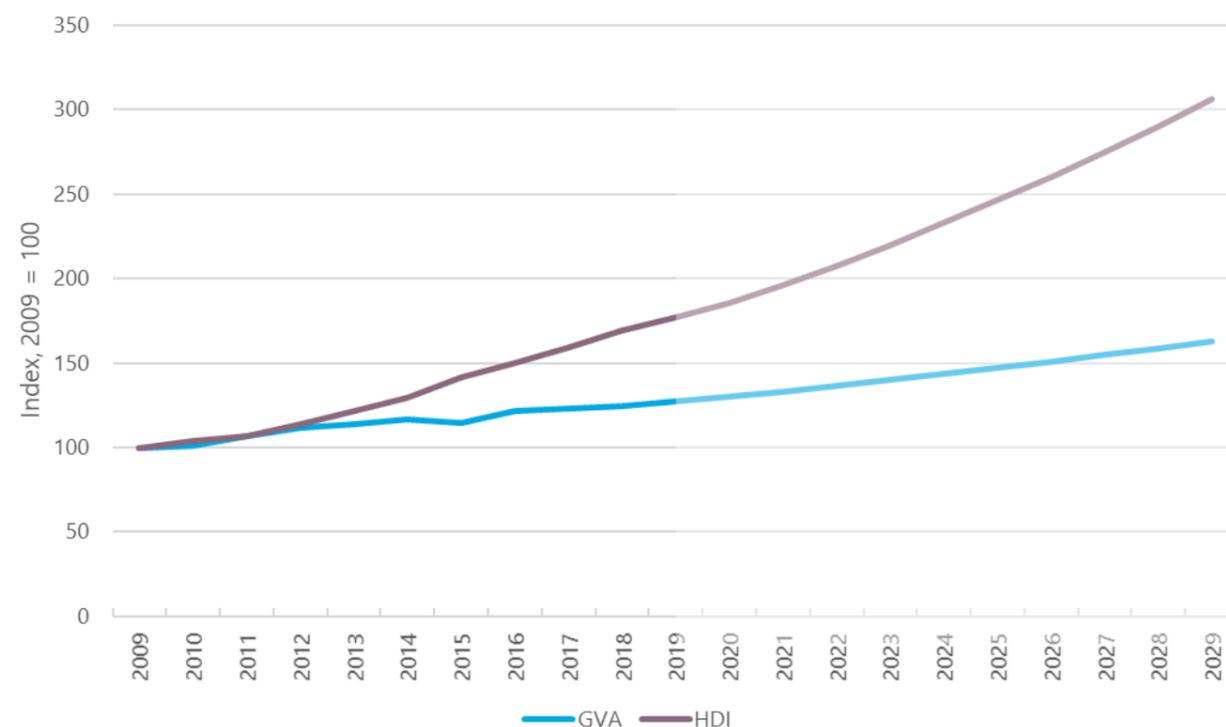
5.3 Household disposable income and GVA

The latest estimates from Experian show there has been considerable growth in both Gross Value Added (GVA) and Household Disposable Income (HDI) in Tower Hamlets since 2009.

Between 2009 and 2012, GVA and HDI growth were closely aligned. However, since 2013, growth in GVA has slowed and growth in HDI has increased. This trend is projected to continue over the next 10 years, with forecast growth in HDI of 73% over the period, compared to 28% growth in GVA (see Figure 40 & Table 22).

HDI is considered a key driver of rental growth, making Tower Hamlets an attractive location for investment in the private rented sector.

Figure 40: Tower Hamlets Historic and Forecast GVA and HDI Growth 2009-2029



Source: Knight Frank Research, Experian

Table 22: Tower Hamlets Historic and Forecast GVA and HDI Growth 2009-2029

Tower Hamlets	Historic Growth 2009-2019	Forecast Growth 2019-2029
GVA	27%	28%
HDI	77%	73%

Source: Knight Frank Research, Experian

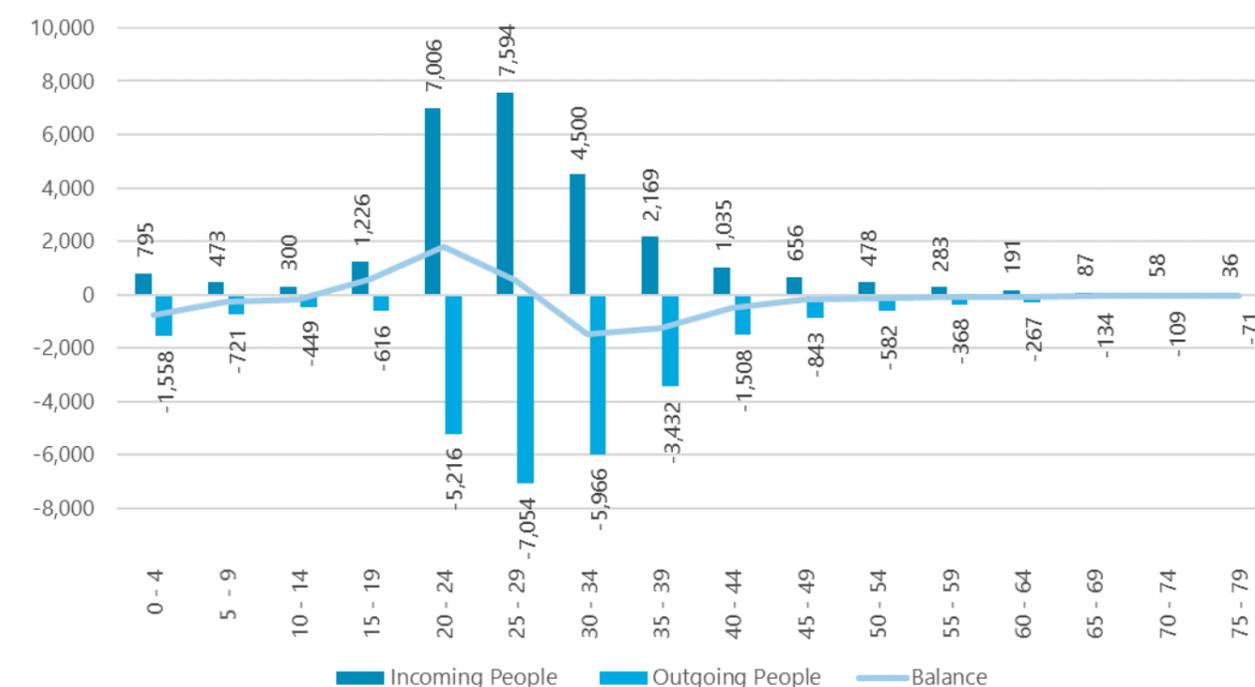
5.4 Internal Migration into Inner East London by Age and Source Region

In 2018, there was a relatively even balance of migration within the Borough of Tower Hamlets, with marginally more people outgoing. Persons aged between 20-24 years of age experienced the largest net inflow within the borough, with a balance of an additional 1,790 individuals. This is likely due to the large number of higher education institutions (HEI's) within proximity of the local area. Of those living within a one mile radius of Panda House, over 5,400 students attend Queen Mary University of London.

The highest in and outflow of people is seen in the 20-34 age group, with 19,100 incoming people and 18,236 outgoing people in 2018. The high migration numbers for this age group suggests demand for short-term rental accommodation, as some may be moving in and out of the borough to take up short-term employment, study and training opportunities.

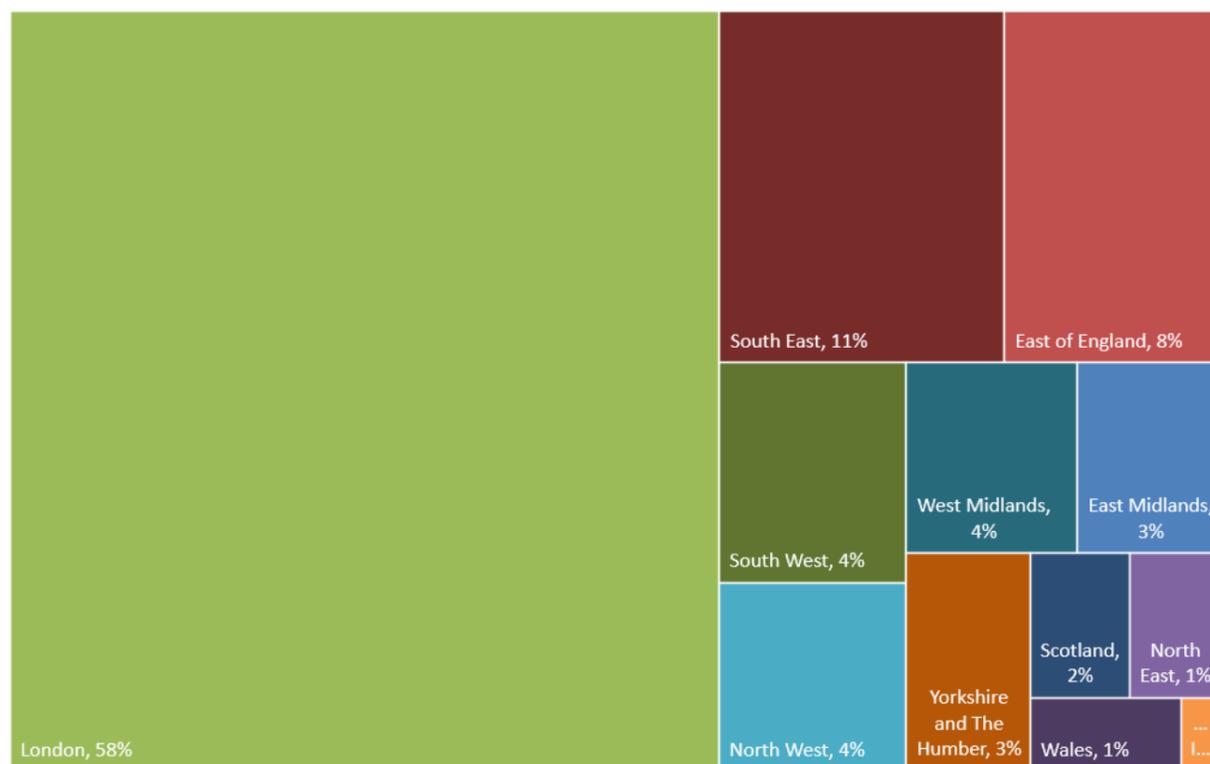
When observing inflow by region, over half of the incoming population to the borough, are from London itself (58%). This is followed by the South East, at 11% of the incoming population.

Figure 41: Tower Hamlets - Internal Migration



Source: Knight Frank Research, ONS

Figure 42: Incoming Populations by Region



Source: Knight Frank Research, ONS

5.5 Housing need

Population growth, large scale housing development and migration are intertwined in the borough. Tower Hamlets has the highest housing target in the adopted London Plan. The current London Plan (2016) identifies a minimum housing target of 39,314 homes (equivalent to 3,931 homes per annum) for the London Borough of Tower Hamlets between 1 April 2015 and 31 March 2025. This target includes additional homes provided by development and redevelopment of residential and non-residential properties, long term vacant properties brought back into use and non-self-contained accommodations (including accommodations for students, older people, hostels and homes for multiple occupation).

In the emerging London Plan, the first draft of which was released during this monitoring period, this annual target has dropped slightly to 3,511 – but is still the second highest target in London, behind Newham. According to Tower Hamlets Borough Council’s latest monitoring report between 1 April 2015 and 31 March 2017, a total of 7,919 additional homes have been delivered in Tower Hamlets (included 417 units for student accommodation). This is equivalent to a surplus of 57 homes since the start of the London Plan period. However, London Development Database (LDD) housing completions data for the monitoring period shows that 2,125 new homes were completed in 2017/18 (latest AMR assessment), with a net gain of 2,003 homes. In addition to this, 12 non-conventional bedrooms were completed, all in C2 use class, making a total net gain of 2,015 homes. This is 49% short of the London Plan target for that year. In the monitoring periods for 2015/16 and 2016/17, the borough saw completions of 2,850 and 4,844 homes respectively. Across the three years that the target has been in place, this averages 3,236 new homes per year – an average yearly shortfall of 695 homes.

566 affordable housing units were provided in 2017/18, making up 28.1% of all housing delivery in the borough. This is significantly below the council’s target of 50% and also a drop of more than half from the 1,379 affordable housing units delivered in the previous monitoring period.

There is a lack of affordable market homes for families, with only 9.6% of market homes delivered in the borough being 3-bed or above. Because of this low level of market family housing, the overall level of family housing was only

19.9%, against a target of 30%. Family housing is significantly harder to deliver. However, as section 3.2 above demonstrates the number of single person renter households in Tower Hamlets is significant, with these households typically sharing larger properties. The delivery of new affordable accommodation that caters for this demand is likely to free up larger properties, within the existing housing stock, for families.

In September 2017 (latest AMR data) there were 18,276 households on the Tower Hamlets housing register, and although numbers have declined year-on-year since 2008, Tower Hamlets still has the second longest waiting list in London and the eighth longest nationally. Of these, 10,565 meet the criteria for urgent priority categories, and 7,017 are living in overcrowded conditions. Asian households (primarily of Bangladeshi heritage) make up 60% of the housing register, and BME households of all kinds make up 78% of the register. There are currently 2,188 Tower Hamlets households living in temporary accommodation, of which 1,182 are in accommodation outside the borough.

Summary

- Employment growth is considered a key driver of rental demand and it is predicted that 39,300 new jobs will be created in Tower Hamlets over the next 10 years. 7,400 of these jobs are predicted to be in sectors such as Health, Accommodation & Food Services and Construction, which are often associated with short-term and temporary contracts or placements, which indicates an increased demand for short-term rental accommodation in the future.
- Tower Hamlets experiences high levels of inward and outward migration among young age cohorts, with 19,100 incoming and 18,236 outgoing individuals aged 20 to 34 in 2018. High levels of movement of people indicates demand for short-term rental accommodation.
- Tower Hamlets has the highest housing target in the adopted London Plan and identifies a minimum housing target equivalent to 3,931 homes per annum between 2015 to 2025. Across the three years that the target has been in place, there has been an average of 3,236 new homes per year – an average yearly shortfall of 695 homes.

6. SUPPLY AND PIPELINE

6.1 Rental Listings in Tower Hamlets

The majority of the private-sector accommodation is in the form of HMOs let through the private rental market. Private rented supply across consists predominantly of flats/apartments and terraced houses in the E14, E1 and E3 areas.

Tower Hamlets Borough Council estimates that there are HMO licenses against 9,000 properties (Local Authority Housing Statistics 2018/19). Based on our analysis of Tower Hamlets House in Multiple Occupation (HMO) Licensing register, we know that on average there are 2.3 bedrooms per HMO licensed property across Tower Hamlets – this in total amounts to 20,700 HMO bedspaces across Tower Hamlets.

Analysis of online listing data indicates that there were approximately 16,089 private rented sector (PRS) properties within Tower Hamlets in the year to May 2020 – the lowest volume of listings in over five years (-25% compared to 2016/17). Short term let listings have dropped from 492 in 2015/16 to 135 in 2019/20 (-77%). This significant drop in number of listings could be a strong indication that private-renters in Tower Hamlets are renting for much longer durations and as a result, there is less supply in the market.

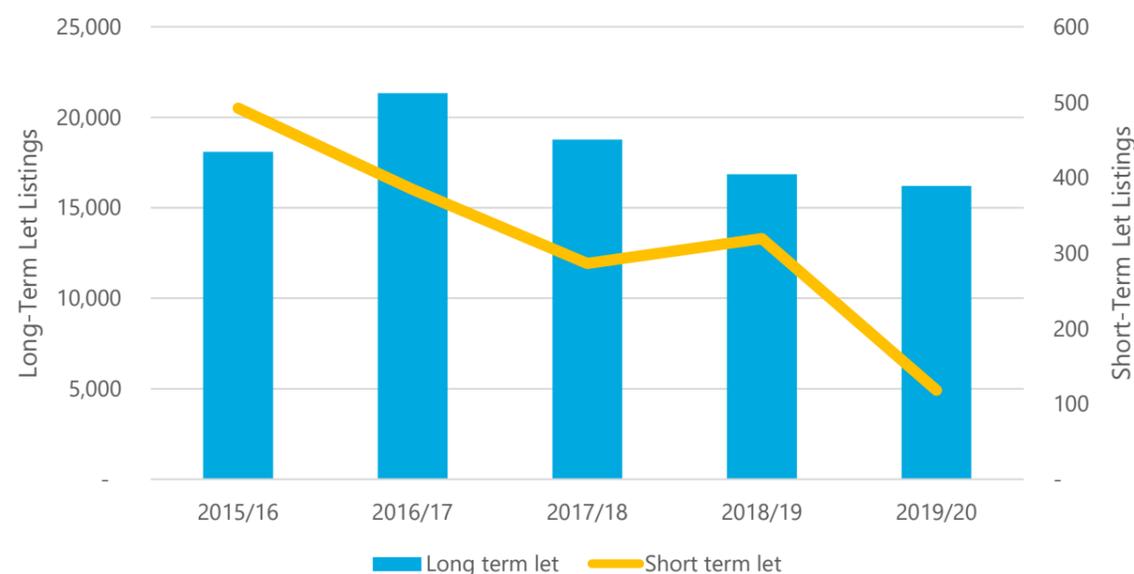
Table 23: Private Rental Listings in Tower Hamlets 2015/16 to 2019/20*

Term Length	2015/16	2016/17	2017/18	2018/19	2019/20
Long-Term (6+ months)	18,087	21,337	18,773	16,847	16,089
Short-Term (<6 months)	492	384	286	319	135
Total Listings	18,579	21,721	19,059	17,166	16,224

Source: Rightmove, Knight Frank Residential Research

*NOTE: Listings data based on listings on cycle from May to May following year, i.e. 2019/20 based on unique listings from May 2019 to May 2020

Figure 43: Time Series of Short and Long Term Private Rental Listings in Tower Hamlets 2015/16 to 2019/20



Source: Rightmove, Knight Frank Residential Research

Table 24: Private Rental Listings 2019/20 Table 24 illustrates the private rental listings in Tower Hamlets and within a 20-minute walk time of Panda House. The majority of these rentals were one- and two-bedroom properties. 41.7% of the total PRS supply consists of two-bedroom properties, and a further 34.2% consist of one-bedroom apartments, whilst larger three or more-bedroom properties in total represented 16.8%. Collectively these PRS properties supplied approximately 29,185 bed spaces within Tower Hamlets.

In the year to May 2020, there were 135 private rental listings marketed as 'short term' let's across Tower Hamlets, accounting for just 0.8% of the total listings in the borough. Short term let rentals were predominantly listed as one- and two-bedroom apartments.

Table 24: Private Rental Listings 2019/20

Accommodation type	All Tower Hamlets						20 minute walking distance					
	Long-Term (6+ months)			Short-Term (<6 months)			Long-Term (6+ months)			Short-Term (<6 months)		
	#	%	Imputed bed spaces	#	%	Imputed bed spaces	#	%	Imputed bed spaces	#	%	Imputed bed spaces
Studio	1,156	7.2	1,156	1	0.7	1	159	3.6	159	0	0.0	0
One bedroom	5,509	34.2	5,509	71	52.6	71	1,365	31.0	1,365	16	38.1	16
Two bedrooms	6,710	41.7	13,420	53	39.3	106	1,937	44.0	3,874	20	47.6	40
Three bedrooms	1,935	12.0	5,805	9	6.7	27	643	14.6	1,929	6	14.3	18
Four bedrooms	600	3.7	2,400	1	0.7	4	258	5.9	1,032	0	0.0	0
Five or more bedrooms	179	1.1	895	0	0.0	0	44	1.0	220	0	0.0	0
Total	16,089	100.0	29,185	135	100.0	209	4,406	100.0	8,579	42	100.0	74

Source: Rightmove, Knight Frank Residential Research

6.2 Existing Supply

There are 18 private build-to-rent (BTR) schemes in operation within a 20 minute walking distance of Panda House, providing 3,691 homes. There are a further 11 hostels within the catchment and at least 42 private rental properties offering short term lets. There are no schemes identified as co-living currently in operation within Tower Hamlets.

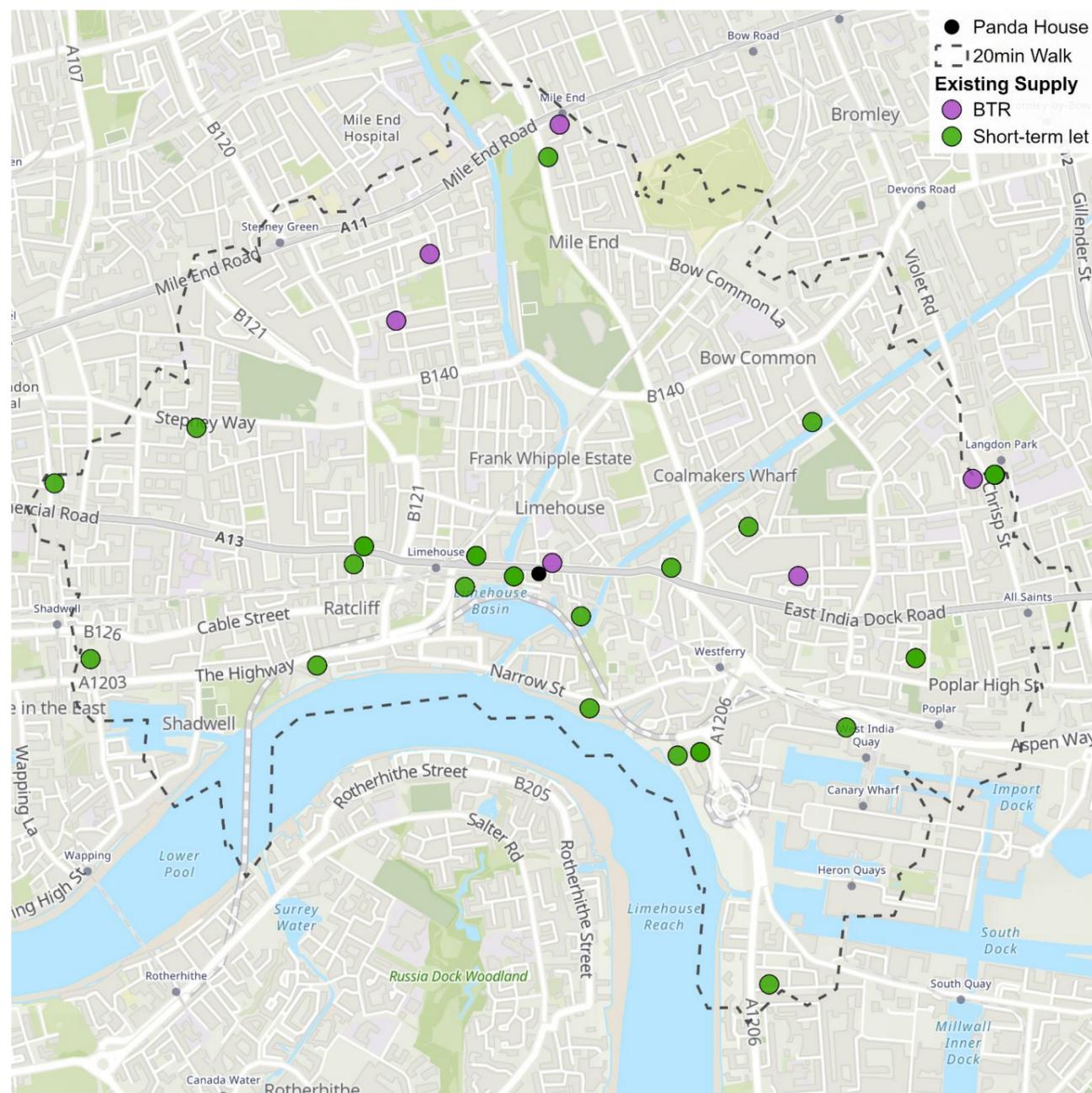
Table 25: Largest 10 PRS schemes within a 20 minute walking distance of Panda House*

Operator/Investor	Scheme name	Postcode	Total homes
Galliard Homes Ltd	Harbour Central/Maine Tower	E14 9DJ	990
Anglo Irish Bank	Canary Quarter (Indecon Court East)	E14 9TN	546
Greystar	Sailmakers / Harbour Central	E14 9NG	327
Vertus / Canary Wharf Group	Grid Building / 10 George Street	E14 9SF	327
Fizzy Living	Fizzy Stepney Green / Ocean House	E1 3FD	225
White Chapel Estate	White Chapel Estate apartments	E1 2	181
Poplar HARCA	Aberfeldy New Village - Phase 1	E14 0GP	158
Telford Homes	The High Line	E14 6NL	150
Al Mubarakia, Messila House	Sovereign Court	E1W 3HL	124
Essential Living	Dressage Court / Farrier House	E2 0EL	108

Source: Knight Frank Residential Research

*NOTE: PRS schemes include BTR, BTL, co-living, hostels and Short-term let HMO's only. See Appendix 1 for a full list of PRS schemes within catchment.

Figure 44: Map of PRS schemes within a 20 minute walking distance



Source: Knight Frank Residential Research

6.3 Pipeline Supply

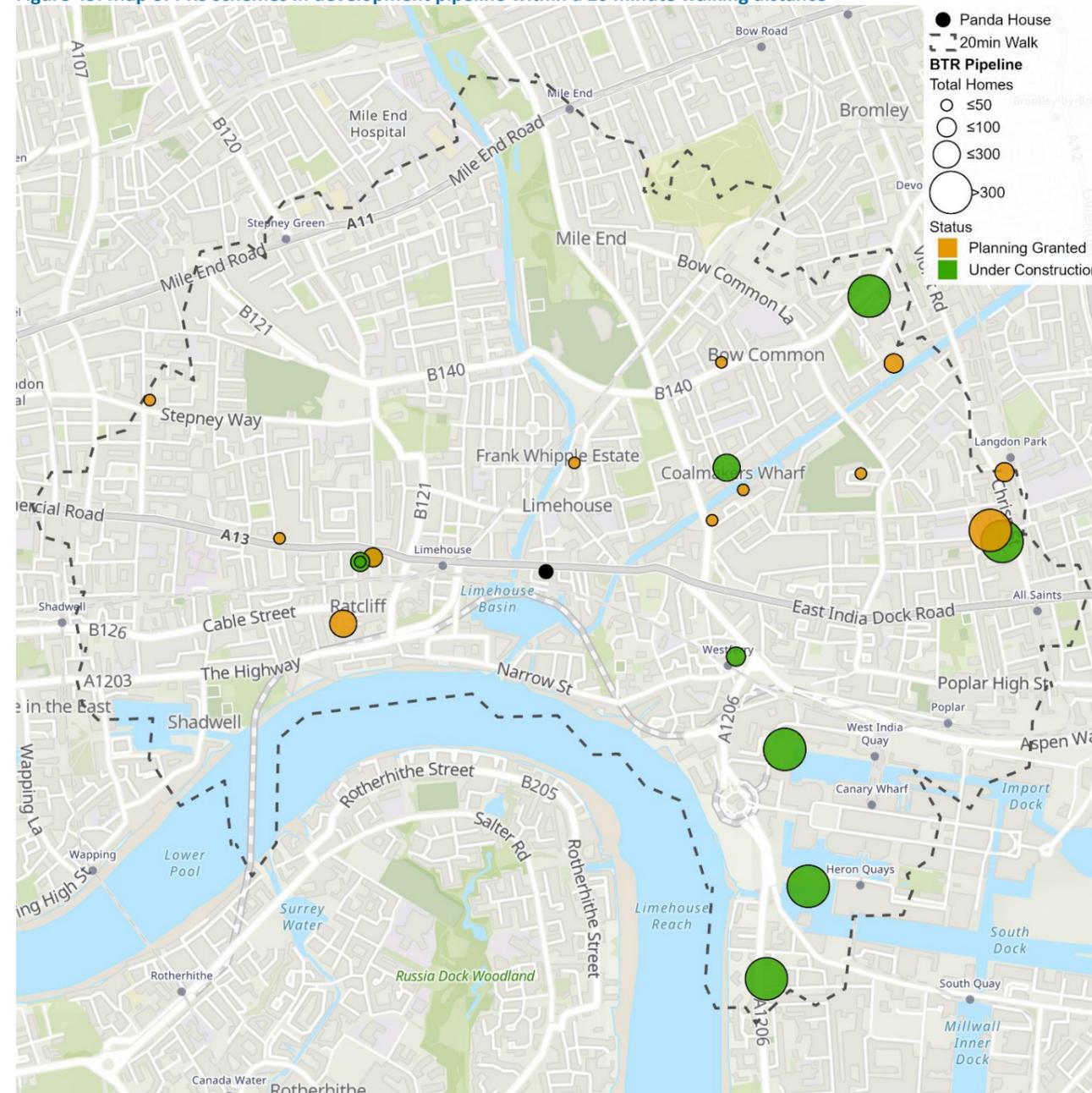
The supply pipeline has been compiled by collecting all residential accommodation records from Egi planning data and data from the planning departments at Tower Hamlets Borough Council. This data has been combined and sorted dependent on planning and construction status.

As of May 2020, 17 PRS schemes are currently under construction representing 8,119 units. An additional 18 PRS schemes have been granted detailed permission representing 2,458 units, a potential pipeline totalling 10,577 units.

Figure 45 is a map illustrating all PRS schemes currently in the development pipeline within a 20 minute walking

distance of Panda House. There are no schemes in the development pipeline identified as co-living in Tower Hamlets.

Figure 45: Map of PRS schemes in development pipeline within a 20 minute walking distance



Source: Glenigan, Knight Frank Residential Research

Table 26: All PRS Schemes in Development Pipeline

Description	No. of Schemes	Total Units
Planning Granted	18	2,458
Under Construction	17	8,119
Grand Total	35	10,577

Source: Glenigan, Knight Frank Residential Research

Table 27: Largest 10 PRS schemes in the development pipeline within a 20 minute walking distance of Panda House*

Description	Status	Post Code	Total Units
Millharbour Quarter	Under Construction	E14 5AR	1,513
Brunel Street Works/ Fizzy Canning Town	Under Construction	E16 1GT	975
Spire London (Hertsme House / Columbus Tower)	Under construction	E14 4AB	861
Landmark Pinnacle (City Pride)	Under construction	E14 8JH	822
Wardian London (Arrowhead Quay / Waterside House)	Under construction	E14 9NN	764
Calders Wharf	Under Construction	E14 6AQ	649
Chrip Street Market	Planning Granted	E14 6AH	643
Aspen (Alpha Square)	Under construction	E14 9TP	634
Newfoundland (The Diamond Tower)	Under construction	E14 4JB	611
Merchants Walk / Lime Quarter	Under construction	E3 3QX	543

Source: Glenigan, Knight Frank Residential Research

6.4 Shortfall of Private Rented Property in Tower Hamlets

As detailed in section 6.1, there are an estimated 9,000 HMOs in Tower Hamlets providing an estimated 20,700 bedspaces. There are currently no co-living schemes in operation in Tower Hamlets. As outlined in there are an estimated 36,134 'sharers' living in PRS households within Tower Hamlets. It is reasonable to assume that these 'sharers' would prefer to live in a professionally managed HMO scheme as opposed to unlicensed accommodation. Assuming this, the shortfall of HMO bed spaces across Tower Hamlets equates to an estimated 15,434 bedspaces.

If you consider the projected supply-demand imbalance over the next five years, this shortfall of HMO and co-living bedspaces is expected to widen even further with potentially 19,081 'sharers' unable to access purpose built, professionally managed HMO accommodation in Tower Hamlets.

Table 28: Shortfall of HMO and Co-Living Bedspaces in Tower Hamlets

Supply/Demand Metrics	2019	Projected annual change to 2024	2024
Supply (HMO bedspaces + co-living bedspaces)	20,700	0	20,700*
Demand (‘sharer’ household population)	36,134	3,647	39,781
Shortfall (HMO bedspaces + co-living bedspaces)	15,434	3,647	19,081

Source: GLA, Glenigan, ONS, Tower Hamlets Borough Council, Local Authority Statistics, Knight Frank Research

*We've identified no co-living schemes in the development pipeline that are likely to be delivered by 2024

NOTE: 'Sharers households' are defined as at least two adults, who are not couple, living together in a single property with shared facilities

Summary

- There is currently a shortfall of 15,434 HMO bedspaces in Tower Hamlets and the shortfall is projected to widen even further over the next five years.
- Tower Hamlets Borough Council estimates that there are 9,000 HMO properties (Local Authority Housing Statistics 2018/19), providing an estimated 20,700 HMO bedspaces.
- There are no schemes identified as co-living currently in operation within Tower Hamlets.
- There are an estimated 36,134 'sharers' living in the PRS in Tower Hamlets and only 20,700 licensed HMO bedspaces.
- There are 17 PRS schemes are currently under construction representing 8,119 units. An additional 18 PRS schemes have been granted detailed permission representing 2,458 units, a potential pipeline totalling 10,577 units. There are no schemes identified as co-living in the development pipeline within Tower Hamlets.

7. SUMMARY

Based on our analysis the key demand and supply-side factors for the HMO market relating to Tower Hamlets, are as follows:

Key demand side factors

- Tower Hamlets has the highest housing target in the adopted London Plan and identifies a minimum housing target equivalent to 3,931 homes per annum between 2015 to 2025. Across the three years that the target has been in place, there has been an average of 3,236 new homes per year – an average yearly shortfall of 695 homes.
- Tower Hamlets experiences high levels of inward and outward migration among young age cohorts, with 19,100 incoming and 18,236 outgoing individuals aged 20 to 34 in 2018, this represents a net growth through migration of this age cohort. In our latest UK Tenant Survey in section 1.3, we have identified this age cohort have highest propensity for sharer households.
- Employment growth is considered a key driver of rental demand and it is predicted that 39,300 new jobs will be created in Tower Hamlets over the next 10 years. 7,400 of these jobs are predicted to be in sectors such as Health, Accommodation & Food Services and Construction.
- There are an estimated 36,143 'sharers' (defined as at least two adults, who are not a couple, living together in a single property with shared facilities) living in Tower Hamlets and this figure is projected to grow 10% to 39,781 by 2024.

Key supply side factors

- Tower Hamlets Borough Council estimates that there are 9,000 HMO properties (Local Authority Housing Statistics 2018/19), providing an estimated 20,700 HMO licensed bedspaces.
- There are no schemes identified as co-living currently in operation within Tower Hamlets.
- Analysis of online listing data indicates that there were approximately 16,089 private rented sector (PRS) properties within Tower Hamlets in the year to May 2020 – the lowest volume of listings in over five years (-25% compared to 2016/17).
- Short term let listings have dropped from 492 in 2015/16 to 135 in 2019/20 (-77%). This significant drop in number of listings could be a strong indication that private-renters in Tower Hamlets are renting for much longer durations and as a result, there is less supply in the market.
- There are 17 PRS schemes currently under construction representing 8,119 units. There are no schemes identified as co-living in the development pipeline within Tower Hamlets.

Concluding statement

Given the current and projected number of households living as 'sharers', our study confirms that there is a strong need for additional HMO bedspaces and affordable purpose built accommodation that provides accommodation for sharers across Tower Hamlets. Furthermore, our Knight Frank Tenant Survey indicates that a preference for flexibility, provided in short-term tenancies, particularly for younger renters. Housing market evidence indicates that short term private rental listings and rental listing overall, have decreased year on year in the borough.

There are an estimated 9,000 HMO properties in Tower Hamlets providing an estimated 20,700 bedspaces. There are currently no co-living schemes in operation in Tower Hamlets. There are an estimated 36,143 'sharers' (defined as at least two adults, who are not a couple, living together in a single property with shared facilities) living in Tower Hamlets. This means that there are 15,434 sharers potentially living in non-purpose built, unlicensed accommodation in Tower Hamlets.

If you consider the projected supply-demand imbalance over the next five years, this shortfall of HMO and co-living bedspaces is expected to widen even further with potentially 19,081 'sharers' living in non-purpose built accommodation in Tower Hamlets.

Tower Hamlets has the highest housing target in the adopted London Plan, however, over the last three years there has been an average annual shortfall of 695 homes. As outlined in section 4.10.3 of the Draft London Plan, 'well-designed one- and two- bedroom units in suitable locations can attract those wanting to downsize from their existing homes', and as a result, has the 'ability to free up existing family stock.'

The proposed scheme on Commercial Road will provide affordable HMO/co-living accommodation and much-needed flexibility for private rented 'sharers'.

APPENDIX 1

Table 29: Largest 10 PRS schemes in the development pipeline within a 20 minute walking distance*

Scheme name	Postcode	Type	# Units
Harbour Central/Maine Tower	E14 9DJ	BTR	990
Canary Quarter (Indecon Court East) - 2 - Lincoln Plaza	E14 9TN	BTR	546
Sailmakers / Harbour Central	E14 9NG	BTR	327
Grid Building / 10 George Street	E14 9SF	BTR	327
Fizzy Stepney Green / Ocean House	E1 3FD	BTR	225
White Chapel Estate apartments	E1 2	BTR	181
Aberfeldy New Village - Phase 1	E14 0GP	BTR	158
The High Line	E14 6NL	BTR	150
Sovereign Court	E1W 3HL	BTR	124
Dressage Court / Farrier House, Bethnal Green	E2 0EL	BTR	108
Cheviot House	E1 2BU	BTR	97
CQ London	E14 7LA	BTR	95
45 Millharbour / Cudweed Court	E14 9TR	BTR	94
71 Carmen Street	E14 6NW	BTR	84
Stepney Green - E (Vivo) & F (So Stepney)	E1 4SE	BTR	63
New Festival Quarter (Blessed John Roche School)	E14 6HL	BTR	45
L&Q Carmen Street	E14 6NH	BTR	51
Bow West	E3 4SS	BTR	26
London Backpackers Hostel	NW4 3NS	Hostel	n/a
Regal Guest House	NW11 8BB	Hostel	n/a
Harringay Victorian House	N4 1JY	Hostel	n/a
Green Rooms	N22 6JW	Hostel	n/a
The Postellers Youth Hostel Group	EN5 4HH	Hostel	n/a
Express-O Rooms	HA8 7AW	Hostel	n/a
Campe House	N10 1AR	Hostel	n/a
Mstay Golders Green	NW11 8HE	Hostel	n/a
Central Hotel	NW11 8BS	Hostel	n/a
Crompton House Serviced Apartments	EN5 5UJ	Hostel	n/a
Charmstay Apartments	N15 3PT	Hostel	n/a
HMO (1 bed)	16 locations	Short-term let	n/a
HMO (2 bed)	20 locations	Short-term let	n/a
HMO (3 bed)	6 locations	Short-term let	n/a

Source: Knight Frank Residential Research

APPENDIX 2

Table 30: Largest 10 PRS schemes in the development pipeline within a 20 minute walking distance*

Description	Status	Postcode	Total Homes
Millharbour Quarter	Under Construction	E14 5AR	1,513
Brunel Street Works/ Fizzy Canning Town	Under Construction	E16 1GT	975
Spire London (Hertsmere House / Columbus Tower)	Under construction	E14 4AB	861
Landmark Pinnacle (City Pride)	Under construction	E14 8JH	822
Wardian London (Arrowhead Quay / Waterside House)	Under construction	E14 9NN	764
Calders Wharf	Under Construction	E14 6AQ	649
Chrisp Street Market	Planning Granted	E14 6AH	643
Aspen (Alpha Square)	Under construction	E14 9TP	634
Newfoundland (The Diamond Tower)	Under construction	E14 4JB	611
Merchants Walk / Lime Quarter	Under construction	E3 3QX	543
Infinity Towers (Helix)	Planning Granted	E14 5SP	345
Glengall Quay - South	Planning Granted	E14 9FZ	316
Highway Trading Centre	Planning Granted	E1W 3HS	264
54 Marsh Wall	Planning Granted	E14 9TP	216
Explorers Wharf (Gandhi Oriental Foods)	Under construction	E14 7BJ	184
Wood Wharf - 10 Park Drive & 8 Water street	Under Construction	E14 9SF	174
Mile End East Estate	Planning Granted	E3 4PR	142
Iron Mountain	Planning Granted	E14 6BE	115
219-221 Bow Road	Under Construction	E3 2SP	93
The Kiln Works	Under construction	E1 OHS	77
Azam House	Under construction	E3 3QH	73
82 West	Under construction	E14 8BE	66
Poplar Transformer Station	Planning Granted	E3 3RE	65
553 Cable Street	Planning Granted	E1 OHS	57
27-29 and 33 Caroline Street	Under construction	E1 OJG	56
Royal Charlie PH	Planning Granted	E14 6NL	53
Unemployment Benefit Office	Planning Granted	E14 7DR	42
2 Jubilee Street	Planning Granted	E1 3HE	37
Job Centre	Planning Granted	E14 7EP	35
Locksley Estate Site A	Planning Granted	E14 7TL	33
St Saviours Church	Planning Granted	E14 6LF	27
3-19 Caroline Street	Under construction	E1 OJG	24
Car Park Between Jubilee Park And Gardens	Planning Granted	E1 3HF	24
Former St Paul's Way Medical Centre	Planning Granted	E3 4AJ	23
Royal Duchess PH	Planning Granted	E1 OHQ	21

Source: Glenigan, Knight Frank Residential Research

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Appendix 03

VIABILITY NOTE

**TOWN AND COUNTRY PLANNING ACT 1990
(AS AMENDED)**

Appeal

**DE PAUL HOUSE, 628-634 COMMERCIAL ROAD,
E14 7HS**

**Development Viability
&
Affordable Housing Provision**

**‘Review of Comments’ made by London Borough of
Tower Hamlets on Rapleys Viability Report**

by
James R Brown BSc (Hons) MRICS
Registered Valuer.
(James R Brown & Company Ltd – “JRBC” - regulated by the RICS).

16th June 2020

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1.0 Professional Background:-

- 1.1 My name is James R Brown and I am an expert in development viability and affordable housing.
- 1.2 I qualified as a Chartered Surveyor in 1992.
- 1.3 I have specialised in development viability and affordable housing since 2001 and focussed on affordable housing valuation before this.
- 1.4 Over the last 25 years, I have worked for; Savills plc, Hamptons International and Strutt & Parker LLP. I set up and headed viability & affordable housing departments at each of these firms.
- 1.5 I left Strutt & Parker in 2015 to establish James R Brown & Company Ltd which specialises in development viability and affordable housing.
- 1.6 Over the last 15 years, I have; spoken at numerous seminars on development viability and affordable housing, acted as Expert Witness at several planning appeals and am acknowledged as a participant in the production of “Financial Viability in Planning – Guidance Note 94/2012 – 1st Edition - Royal Institution of Chartered Surveyors (“RICS”)”.
- 1.7 I have submitted development viability and affordable housing representations on over 350 development proposals across England over the last 15 years for applicants or local authorities, the majority of which have been in Greater London.
- 1.8 I made representations at the London Plan Examination in Public in 2019 on behalf of various clients which can be found in the London Plan EIP library.

2.0 Viability:-

2.1 A development is viable if it drives a residual land value (allowing for a reasonable level of profit) which is at least equal to a reasonable Benchmark Land Value (“BLV”).

2.2 The viability test can be summarised as:-

$$\begin{array}{c} \boxed{\text{Built Value of proposed private residential and other uses}} \\ + \\ \boxed{\text{Built Value of affordable housing}} \\ - \\ \boxed{\text{Build Costs, finance costs, other section 106 costs, sales fees, developers' profit etc}} \\ = \\ \boxed{\text{Residual Land Value ("RLV")}} \end{array}$$

Residual Value is then compared to a **Benchmark Land Value ('BLV')**. If RLV is lower and/or not sufficiently higher than the BLV – project is not technically viable

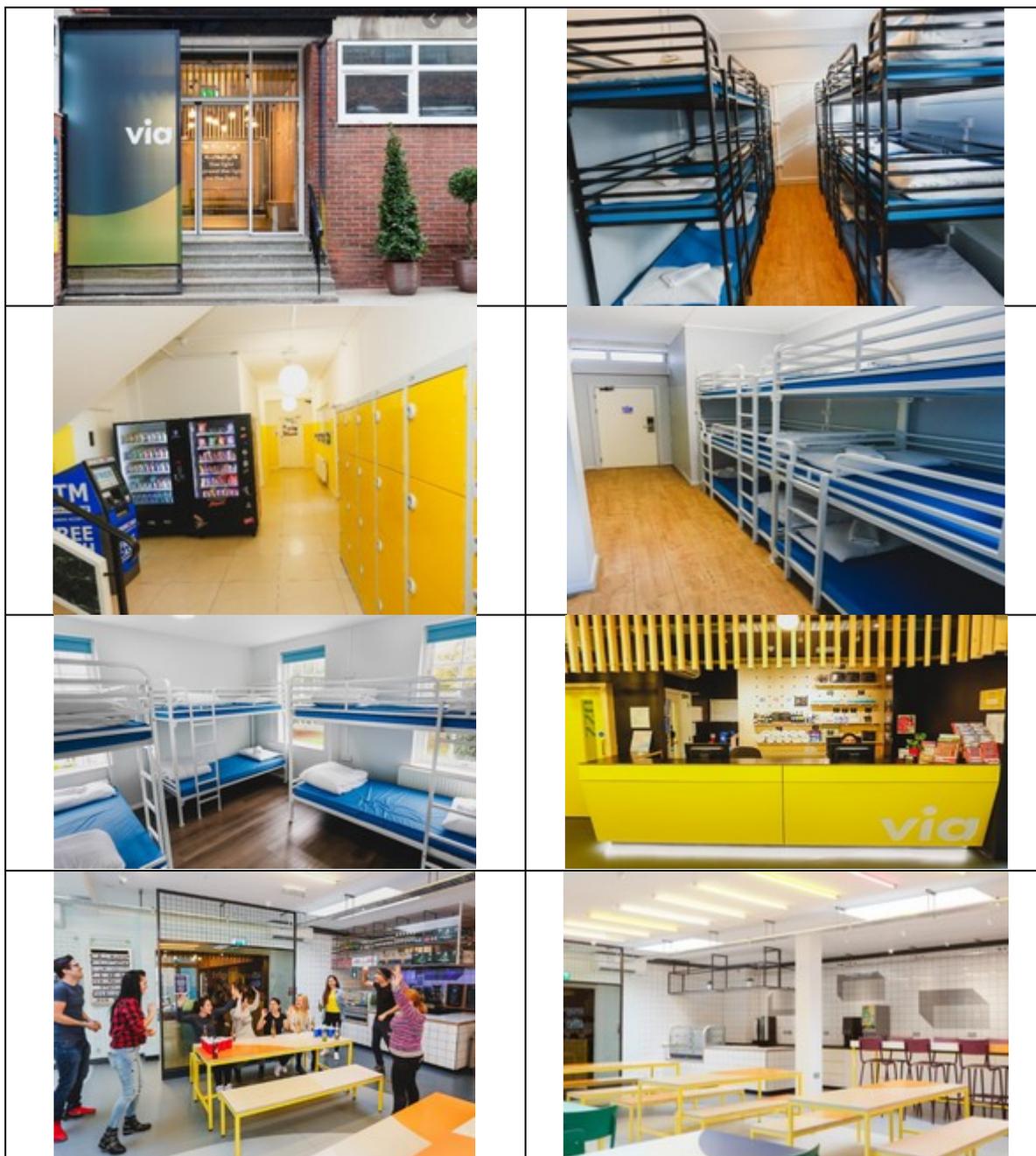
3.0 Instruction & COVID 19 Related Assumption:-

- 3.1 The Appellant's planning consultant has asked me to comment upon the viability comments made by the London Borough of Tower Hamlets ('LBTH') in their Development Committee report dated 12th March 2020 ('**LBTH DC Report**') – and I do so herein.
- 3.2 However, as there is very little viability comment and no evidence provided within the LBTH DC Report (despite the fact that viability and the related lack of affordable housing provision is put forward as a reason for refusal), I have also commented upon some elements of the Rapleys viability report (dated 3rd December 2019) – '**Rapleys Viability Report**'.
- 3.3 I have effectively based this opinion on an immediately pre-COVID 19 economy and property markets as the likely detrimental effects of COVID 19 in this regard are not yet quantifiable.

4.0 Existing Property & Proposed Scheme:-

4.1 In summary, the existing property is a 52 bedroom hostel with an average room size of just under 300 sq.ft. According to the LBTH DC Report, it can accommodate up to 263 people (i.e. an average of just over 5 people per room via a significant use of bunk-beds) whereas the Rapleys Viability Report says it provides 270 beds. At this stage, I have assumed it can accommodate up to 263 people.

4.2 I have not been able to inspect the interior of the subject property (due to COVID 19 restrictions) but the Savills report in Appendix 3 to the Rapleys Viability Report says circa £1m was spent refurbishing the property in late 2016/early 2017 which I have assumed to be correct. Recent internal photographs confirm that the accommodation is 'compact' but in good condition (in terms of fixtures, fittings and fabric):-



4.3 The LBTH DC Report describes the proposed scheme as comprising 109 bedrooms. Of these, 25 would be in a hostel format (accommodating 41 people) and 84 would be in a House in Multiple Occupation ('HMO') format (accommodating 144 people).

4.4 I have assumed that HMO as a description here is interchangeable with the alternative descriptions of 'Co-Living' and/or 'Large Scale Purpose Built Shared Living' ('LSPBSL') – the latter of which is the description used by The Mayor in Policy H16 of the current draft London Plan (Intend to Publish):-

<p>Policy H16 Large-scale purpose-built shared living</p>	
A	<p>Large-scale purpose-built shared living development⁸¹ must meet the following criteria:</p>
	<ol style="list-style-type: none"> 1) it is of good quality and design 2) it contributes towards mixed and inclusive neighbourhoods 3) it is located in an area well-connected to local services and employment by walking, cycling and public transport, and its design does not contribute to car dependency 4) it is under single management 5) its units are all for rent with minimum tenancy lengths of no less than three months 6) communal facilities and services are provided that are sufficient to meet the requirements of the intended number of residents and offer at least: <ol style="list-style-type: none"> a) convenient access to a communal kitchen b) outside communal amenity space (roof terrace and/or garden) c) internal communal amenity space (dining rooms, lounges) d) laundry and drying facilities e) a concierge f) bedding and linen changing and/or room cleaning services. 7) the private units provide adequate functional living space and layout, and are not self-contained homes or capable of being used as self-contained homes 8) a management plan is provided with the application 9) it delivers a cash in lieu contribution towards conventional C3 affordable housing. Boroughs should seek this contribution for the provision of new C3 off-site affordable housing as either an: <ol style="list-style-type: none"> a) upfront cash in lieu payment to the local authority, or b) in perpetuity annual payment to the local authority
	<p>In both cases developments are expected to provide a contribution that is equivalent to 35 per cent of the units, or 50 per cent where the development is on public sector land or industrial land appropriate for residential uses in accordance with Policy E7 Industrial intensification, co-location and substitution, to be provided at a discount of 50 per cent of the market rent. All large-scale purpose-built shared living schemes will be subject to the Viability Tested Route set out in Policy H5 Threshold approach to applications, however, developments which provide a contribution equal to 35 per cent of the units at a discount of 50 per cent of the market rent will not be subject to a Late Stage Viability Review.</p>

5.0 Viability Comments in LBTH DC Report:-

- 5.1 The financial viability comments within the LBTH report are said to have been provided by the LBTH Viability Team. They are not independent.
- 5.2 It is not clear which individual(s) from LBTH's Viability Team provided viability input (and whether they are suitably qualified practitioners) and they have not presented their opinions clearly (e.g. by way of a fully justified, evidential and stand-alone viability assessment report). Instead, their opinion has been relayed (in extreme brief and without any supporting evidence or justification) by the Case Officer. In conclusion, the LBTH Viability Team's input does not satisfy NPPG in terms of 'accountability'.
- 5.3 The only significant viability comments/opinions made by LBTH in their report are at Sections 5.41, 5.42 and 7.27.
- 5.4 I address each of these points in turn.

6.0 LBTH DC Report S.5.41:-

6.1 At their S.5.41, LBTH say:-

“The submitted Financial Viability Assessment found that the scheme is unable to viably provide a policy-compliant 35% affordable housing offer, demonstrating a deficit of £6.88million. The applicant also modelled a 0% affordable (i.e. all private) scheme and found this to also be unviable at a similar deficit of £6.29m; however, the report states that the scheme is still commercially viable for the applicant for which no robust justification has been provided”.

6.2 I do not agree that £6.88m is similar to £6.29m as a difference of £590,000 is significant. Where viability shortfalls exist, each progressive £1 of shortfall disincentivises the developer in a compound fashion. Accepting a lower profit is easier to digest than increasing a shortfall.

6.3 Furthermore, I estimate that the appraisal of the 35% affordable housing scenario would drive a much greater negative result (relative to the 0% affordable housing appraisal) if the affordable provision was assessed in accordance with Policy H16 in the London Plan (i.e. as opposed to the on-site provision and affordability thereof accounted for in the Rapleys Viability Report). However, as I agree herein that the proposed scheme cannot viably sustain any affordable housing provision, I have not not considered this in more detail.

6.4 Therefore, with respect to the first part of LBTH DC Report S.5.41 (i.e. up to the word ‘however’), LBTH’s comments are merely factual observations of the findings in the Rapleys Viability Report and so I have no comment. However, I do comment upon the second part of their commentary (i.e. where it says *“the report states that the scheme is still commercially viable for the applicant for which no robust justification has been provided”*).

6.5 The Rapleys Report says:-

- 14.3 Notwithstanding that the residual land value falls below the existing use value this scheme is still commercially viable for the applicant. The proposed development will replace the existing dated hostel which provides 58 rooms with a new modern purpose built facility providing 31 hostel rooms and 78 HMO rooms. It will be more efficient in terms of management, on-going maintenance and achieve better gross to net rental returns.

6.6 I am not convinced that the Rapley's comment needs to be justified and/or whether any failure to do so provides justification for refusing the application. However, coupled with my adjustment herein to the Benchmark Land Value used by Rapleys (see S.7 below), and considering revised sensitivity testing, I can understand why/how scheme would be and is deliverable which I explain at S.8 below.

7.0 LBTH DC Report S.5.42:-

7.1 At their S.5.42, LBTH say:-

“Further queries and concerns raised relate to the applicant’s assumptions to their appraisal inputs. This includes the Existing Use Value of £8m and the methodology behind this, particularly the income, occupancy, and capitalisation rate adopted”.

7.2 I can only comment upon LBTH’s references to the Existing Use Value as they do not specify what other assumptions and appraisal inputs they have concerns about.

7.3 An Existing Use Value (‘EUV’) prepared by Savills has been used in the Rapleys Viability Report as a driver of their assumed Benchmark Land Value (‘BLV’). They have imported an EUV assessment by Savills as seen in Appendix 3 to the Rapleys Viability Report.

7.4 I have reviewed the Savills assessment and I am of the opinion that a net initial yield capitalisation valuation approach using; what would seem to be a reasonable net rent, the operational costs/net rent and yield that Savills refer to is as follows:-

Net income p.a. = presumably circa £340,000 based upon the last 2 years of basic accounts.

Capitalised at 5.5% = $18.1818 \times £340,000 = £6,181,812$.

Less purchaser costs at 5% = £5.89m.

7.5 My opinion therefore differs from that provided by Savills. This is fundamentally on account of Savills taking a more optimistic view (via their cashflow valuation approach) on hypothetically improving operational efficiencies going forward.

7.6 My reasonable rent assumption above (i.e. £340,000) is based upon the accounts information presented by Savills which I replicate below and which I have assumed to be correct:-

	2016	2017	2018	part 2019	adjusted 2019
Occupancy	61%	57%	61%	63%	63%
Total income	£845,135	£936,177	£910,049	£768,370	£922,044
Total expenses	£582,449	£606,322	£571,636	£482,628	£579,154
Net operating income	£262,686	£329,854	£338,413	£285,742	£342,890
Average monthly room income	£62,244	£70,560	£67,496	£68,949	£82,739
Total monthly income (F&B and other)	£70,428	£78,015	£75,837	£76,837	£76,837
Average monthly cost	£48,537	£50,527	£47,636	£48,263	£28,574

7.7 Savills say they have had regard to comparables but have not provided any in the form of either capital value/investment sale comparables (to facilitate valuation considerations per hostel and/or HMO bed and/or bedroom) or yield evidence - albeit HMO and hostel comparables are extremely scarce across London.

7.8 I have considered the following capital value/investment sale comparables alongside the fact that the value of the 'proposed scheme' (albeit comprising a mixture of hostel and HMO) assumed within the Rapleys Viability Report equates to £122,878 per bed and/or £208,555 per bedroom.

	<p><u>Lea Bridge East, 380 Lea Bridge Road, E10 7HU:-</u></p> <p>92 room hostel. Sold for £9.35m on 1/5/19. Acted and acts as emergency housing for 10 local authorities. Refurbished. Bought by EEH Ventures., 20,000 sq.ft. Equates to £101,630 per bedroom.</p>
	<p><u>Nos 6, 8 & 10 Inglewood Road, NW6 1QZ:-</u></p> <p>3 terraced buildings. HMO licenced for 51 people according to LB Camden HMO licence register. 5,889 sq.ft. Sold as 3 lots via Allsop auction – July 2019. Sold for £4.27m. 15 flats/51 beds. Strong underlying residential value but subject to de-registering and a change of use. NIY assuming market rent on 2 vacant units = circa 6.75%. £83,725 per bed.</p>
 	<p><u>21 Camden Park Road, NW1:-</u></p> <p>8 'units'. 2,157 sq.ft. HMO. Rent = £87,892 p.a. Sold at Sept 2019 Allsop auction for £1,250,000. GIY = 7.17%. Average rooms sizes of circa 270 sq.ft. (some en-suite, some not). NIY = circa 6.6%. £156,250 per room.</p>
	<p><u>Finsbury Park, N4 – 4 hostel portfolio:-</u></p> <p>45 rooms in 4 buildings. Each room has en-suite. 115 bedspaces and so average of 2.45 people per room. 14,330 sq.ft. so average room size = circa 320 sq.ft. Let to Kimblecrete Ltd at passing net rent of £180,000 p.a. Gross income being obtained by Kimblecrete reported to be £659,000 p.a. Scope for profit improvement. Allsop auction (Feb 2019) guide price = £4.75m but 'withdrawn'. Guide price equated to £41,305 per bed and/or £105,555 per room.</p>

	<p><u>54 Kempshott Road, Streatham, SW16:-</u></p> <p>HMO. 7 letting rooms. Passing rent = £29,040 p.a. Sold at May 2018 Allsop auction for £700,000. GIY of 4.15%. NIY of 3.92%. £100,000 per bedroom.</p>
	<p><u>11 Argyle Road, Ealing, W13 0LN:-</u></p> <p>HMO. 11 bedsitting rooms. Passing rent = £70,560 p.a. Sold at March 2018 Allsop auction for £1,130,000. GIY = 6.24% NIY = 5.88% £102,727 per bedroom.</p>

7.9 The only common theme in the above comparables is that London HMOs and hostels have typically sold for between £85,000 and £155,000 per room (where the typical room size is circa 300 sq.ft.) and that Net Initial Yields ('NIYs') are typically between 4% and 6.75% (but with most being closer to circa 5.75%. I acknowledge that some properties accommodate more people within the same typical room size but this must logically suppress the gross and net rent achievable per bed (i.e. because the occupants have more compromised personal space). However, it also logical to assume that larger HMOs and hostels will facilitate management economies of scale which should under-pin higher average values per room or bed.

7.10 I also note the Rateable Value for the existing property which is:-

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Via Limehouse Hostel 628-634, Commercial Road, London, E14 7HS

1 April 2017 - present

Your rateable value is **£126,000.00**

! This is not the amount you will pay.

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Valuation information [+](#)

How the valuation was calculated [-](#)

Parts of the property				
Floor	Description	Area m ² /unit	Price per m ² /unit	Value
Range of s	Single bed space	180	£700.00	£126,000.00
Total		180		£126,000.00
Total value				£126,000.00

7.11 The Rateable Value should be a market rent valuation (in net terms) for the property as at 2015 (even though it is labelled the 2017 RV). The 180 bed assumption may reflect the pre-refurbishment bed numbers and, allowing for some average rental growth, rental growth as a consequence of the refurbishment in 2016/2017 and 263 beds, I assume that the RV points towards a current market rent of around £250,000. However, this remains significantly less than the net income indicated by the accounts history above.

7.12 Any valuation of the existing property requires more judgement than usual given that it is unique. Whilst I have considered the comparables above, none are purpose built hostels of the same size or in as good a condition as the existing property. However, most of the comparables above are under-pinned by strong residential alternative use values (albeit subject to planning).

7.13 Based upon all of the evidence and information above, I am not convinced that the EUV of the subject property is £8m. The rent capitalisation valuation above at S.6.4 (i.e. £5.89m) also equates to £113,269 per bedroom (which is supported by the comparables above). Therefore, I am confident in assuming an EUV of £5.89m as opposed to £8m.

7.14 In assuming a BLV of £5.89m as opposed to £8m, I do not think the proposed scheme is as un-viable as the Rapleys Viability Report concludes.

8.0 LBTH DC Report S.7.27:-

8.1 At their S.7.27, LBTH say:-

“The LBTH viability officer is of the opinion that the information presented is inaccurate or the scheme as proposed is not deliverable in reality”.

8.2 My opinion is that the Rapleys Viability Report is; substantially accurate, justified with evidence and its general conclusion is reasonable. However, the only part of the Rapleys Viability Report that I do not concur with is the BLV which is mainly based upon an imported EUV opinion from Savills. By adjusting the BLV to a robust £5.89m (as I have done in Section 6 above), it can be understood how the proposed scheme could be delivered (notwithstanding I am not sure whether technical deliverability queries are a valid reason for planning refusals bearing in mind currently unviable schemes are sometimes progressed in time for a variety of reasons).

8.3 If the BLV is reduced to circa £5.89m and if sensitivity tests are then considered, it can be appreciated how and why the scheme is deliverable. A profit can be made on the back of a 100% private scheme albeit not necessarily a ‘full’ profit. An applicant has a right to take a view (without prejudice) as to whether they are willing and able to progress a development based upon a certain lower than normal level of profit.

8.4 The appraisal in **Appendix 1** to this document is substantially a replication of the 2nd appraisal in Appendix 6 of the Rapleys Viability Report (i.e. a nil affordable housing scenario). However, I have:-

- assumed professional fees at 8% (see S.12 below), and;
- inverted it so that it is now a residual profit appraisal (as opposed to a residual land value appraisal) whereupon I have inserted my adjusted BLV of £5.89m as a notional land cost.

8.4 As can be seen from my appraisal (**Appendix 1**), the proposed scheme drives a negative residual profit.

8.5 However, if similar sensitivity tests to those in S.11.12 of the Rapleys Viability Report are considered such as 10% rent increase and 5% construction decrease, the residual profit would improve to a positive 7.58% on cost (see **Appendix 2**). Whilst this is still short of a full reasonable profit, one can appreciate that an applicant/owner could find this sufficient to proceed if, as is the case, the proposed scheme would lead to a better quality and higher yielding (in terms of annual net return as a 'sum/amount') investment compared to the existing building.

9.0 My Other Comment on Rapleys Viability Report:-

- 9.1 As I have stated above, the Rapleys report is significantly justified with evidence and its general conclusion is reasonable. However, I comment further on their Gross Development Value for the proposed scheme in Sections 10 & 11 below and on their 'Professional Fees' allowance in Section 12 below.
- 9.2 My comments on these items are relevant to the 2nd appraisal in Appendix 6 of the Rapleys Viability Report.

10.0 GDV of Proposed Scheme:-

- 10.1 There is very little transactional evidence (if any) available in the market to ultimately justify co-living values (and/or the components that drive that value). However, I have recently agreed an average value of £206,000 per bed for a co-living scheme in College Road (Croydon) with the Council's viability advisor and the scheme has now secured a positive resolution. This is evidence as Para 016 of the NPPG on viability says – "Market evidence can include BLVs from other viability assessments". The average en-suite room sizes at Croydon are similar to those proposed here.

10.2 I am also aware of the following investment/capital values that were agreed by other viability consultants on other recent co-living planning applications such as:-

Scheme/Application:-	Respective Viability Consultants	Net GDV per Bedroom
Garratt Mills, Trewint Street, London Borough of Wandsworth, SW18 4HA (2019/1083 and S.106 dated 3/3/2020). 292 co-living bedrooms.	DS2 for the applicant. BNP Paribas for the Council.	I have been told by DS2 (who prepared the viability submission on behalf of the applicant that they ultimately agreed a GDV per market rented co-living bedroom at Trewint Street equivalent to £185,000 . This broadly reconciles with the GDV which DS2 reported within their summary viability report lodged on LBW's planning web site (i.e. £52,904,104) less an allowance for the value of the 333 sq.m. café and allowing for the likelihood that BNP Paribas (who reviewed DS2's report) would have pushed this GDV up somewhat.
Land to Rear of 21 Feltham High Street, Feltham, London Borough of Hounslow. (APP/F5540/W/19/3227226). 121 co-living bedrooms.	Savills for applicant. BPS for the Council.	We have a copy of BPS's viability review report dated 7/11/2018 and have been told by Savills by e-mail that BPS subsequently agreed a GDV for the proposed co-living units equivalent to circa £182,000 per room (gross of purchaser costs).
Harrow, Ilford & Hoxton/Dalston.	DS2 for applicants.	DS2 (viability consultants) have told me that they have acted for applicants by providing viability reports alongside co-living planning applications over the last 2 years where GDVs per bedroom have been agreed as follows:- <ul style="list-style-type: none"> • £165k - 55-59 Palmerston Road, Harrow, HA3 7RR – The Collective. • £170k - 187-191, High Road, Ilford, IG1 1DG – Fifth Space. • £240k in Hoxton / Dalston <p>However, DS2 have not been able to divulge any further information on these schemes for confidentiality reasons and, I have not been able confirm the above via information available on respective Council/planning web sites. However, I have no reason to doubt DS2.</p>

10.3 In Appendix 3 of the Rapleys report, Savills conclude at their Page 7 (with respect to co-living yields):-

“In light of the above comparable transactions we have adopted a net initial yield against stabilised net operating income of 4.00%”.

10.4 However, the comparable evidence provided by Savills is not convincing because most of it relates to student accommodation (a physically similar but substantially different investment) and their co-living evidence is not quite correct and/or not comparable. With respect to 'Old Oak', there has been a management buy-out ('MBO') but this was not an arm's length transaction.

- 10.5 Some media articles suggest that the co-living element of that MBO equated to over £200,000 per bedroom via a 4% yield. However, other media articles (e.g. the one below) also refer to a 5% yield. The Old Oak scheme is also a flexi co-living/student scheme and so it is not directly comparable:-

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TECH
FUTURE LEADERS
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MENTAL HEALTH
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Newham's Red Door Ventures to buy Collective Old Oak



Alexander Peace

07/12/2017 | [Residential](#)














The Collective Old Oak is close to being bought by Newham Council's PRS developer Red Door Ventures.

The arms-length development company, which uses council funding to build rental schemes around London, is understood to be paying close to £120m for the co-living scheme.

The Collective Old Oak is the first large scale co-living scheme to be sold in the UK and has been seen as a litmus test for interest in the sector.

Its hybrid position between the student and PRS markets, which are raising billions in investment, means it attracted interest from a variety of institutional investors.

It was put up for sale in May through JLL and Savills with a price tag of more than £100m for the 546-bedroom, 323-flat scheme. That reflected a yield of 4% and 5% depending on the proportion of student occupiers, who pay lower rents.

It has been operational for over a year and is around 97% occupied. Rents range from £200 to £360 per week.

- 10.6 I have also spoken to JLL's UK Living Lead Director who headed the attempted sale of The Old Oak prior to the MBO (which he was also involved in on behalf of the 75% stakeholder) and he has confirmed that the overall achieved yield was not 4% and that even he, as somebody immediately close to that deal, would be unable to confirm what the yield on the co-living element was (assuming he was permitted to) because the mix of co-living and student accommodation was not a clear split. As such, media articles specifying the yield on the co-living element of The Old Oak deal are misleading.
- 10.7 Lastly (with respect to Old Oak), the 4.5% referred to by Savills does not seem to relate to their net initial yield conclusion (re: S.9.2 above) which is 4%.
- 10.8 With respect to the Greater London Portfolio cited by Savills (i.e. again in Appendix 3 of the Rapleys Report), the majority of the portfolio was let to the London Borough of Croydon and so the yield evidence is a reflection of LBC's covenant strength and the lease terms. Also, the three scheme within this portfolio were not co-living scheme as they comprise micro self-contained flats as a consequence of Permitted Development Right office conversions. I do not think this transaction provides any guidance on reasonable net initial yields applicable to purpose-built and direct let co-living.
- 10.9 With the Savills advice to hand, Rapleys have gone onto to use a 4.25% net initial yield (implicitly reflecting an allowance for the investment to reach stabilisation) alongside; their own gross rent assumption, a 25% deduction p.a. for operational costs and a purchaser's cost deduction of 6.8%.
- 10.10 I do not entirely agree with the Rapley's valuation components but I arrive at a similar GDV (pre-purchaser cost deductions – see S.10 below) at £223,771 per bedroom using slightly different valuation assumptions and after primarily considering the agreed GDVs per bedroom from other viability assessments and after making allowances between locations.

11.0 Purchaser's Costs Applied to GDV of Proposed Scheme:-

11.1 I would use a lower purchaser's cost rate than Rapleys have used on account of potential SDLT Multiple Dwellings Relief albeit this is lower on co-living than it can be for student accommodation investment purchases according to the following Grant Thornton guidance:-

(<https://www.grantthornton.co.uk/insights/co-living-and-tax-harmony/>)

SDLT

With rates of up to 15% applicable on residential dwellings, SDLT is a significant transaction cost. The SDLT rate applied is normally based on the total cost of the transaction: the higher the cost, the higher the rate. However, multiple dwellings relief (MDR) can bring down the SDLT due on a residential transaction.

Broadly, MDR results in SDLT being calculated on the average cost of each dwelling, multiplied by the total number of dwellings, subject to a minimum rate of 1%. One quirk of the tax system means that while student accommodation can benefit from this minimum rate of 1%, co-living developments for non-students are subject to a minimum rate under MDR of 3%.

I am not a SDLT and/or MDR expert but the extract above suggest that the absolute lowest/most optimistic purchaser cost rate that one could assume would be made up of:-

Agent = 1%
 Legals = 0.8%
 SDLT = 3%

4.8% and possibly higher as MDR is not a given.
 A reasonable assumption is **5%** to reflect this risk.

By using purchaser's costs of 5% instead of 6.8%, the Rapleys GDV for the proposed scheme would increase as would their base case residual land value. In other words, their viability shortfall (for a 100% private scheme) would reduce by approximately £525,000 (allowing for development finance cost implications).

12.0 Rapleys Appraisal of Proposed Scheme – Professional Fees:-

12.0 In S.11.1 of the Rapleys Viability Report, they say they have assumed a professional fees allowance of 8% which I consider reasonable. However, they have actually then used 5% in their appraisals in their Appendix 6.

12.1 I have used 8% in the appraisals in **Appendices 1& 2** herein.

13.0 Conclusion:-

- a. LBTH have not provided any evidence in support of their claim that the Rapleys Viability Report is either inaccurate or that the proposed scheme is not deliverable.
- b. LBTH have not complied with NPPG requirements in connection with viability and 'accountability' as a consequence.
- c. There is a significant deficit between the viability of the proposed scheme with a 0% affordable housing provision and a 35% affordable housing provision.
- d. The Rapleys Viability Report is substantially reasonable and accurate although I am not convinced by the BLV evidence and EUV opinion provided by Savills (which Rapley's have used to inform their BLV).
- e. Based upon my downward adjustment to the BLV, it can be seen how the scheme would be and is deliverable albeit I am not sure whether the appellant is required to prove the scheme is deliverable.
- f. I conclude that LBTH had and has no reasonable grounds to oppose the Appeal Scheme on the grounds of viability and have not presented any evidence to justify their claim.

14.0 Statement of Truth & Declaration

14.1 Statement of Truth:-

14.1.1 I confirm that I have made clear which facts and matters referred to in this opinion/review of comments are within my own knowledge and which are not. Those that are within my knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

14.2 Declaration:-

14.2.1 I confirm that my opinion has drawn attention to all material facts which are relevant and have affected my professional opinion.

14.2.2 I confirm that I understand and have complied with my duty as an expert witness which overrides any duty to those instructing or paying me, that I have given evidence impartially and objectively, and that I will continue to comply with that duty as required.

14.2.3 I confirm that I am not instructed under any conditional or other success-based fee arrangement.

14.2.4 I confirm that I have no conflicts of interest.

14.2.5 I confirm that this opinion complies with the requirements of the RICS – Royal Institution of Chartered Surveyors, as set down in the RICS practice statement ‘Surveyors Acting as Expert Witnesses’.

APPENDIX 1

Panda House

Development Appraisal
Prepared by JRB
James R Brown & Company Ltd
09 June 2020

Panda House

Summary Appraisal for Phase 1

Currency in £

REVENUE

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
	1	23,167	59.66	1,382,160	1,036,620	1,382,160	1,036,620

Investment Valuation

Current Rent	1,036,620	YP @	4.2500%	23.5294	24,391,059
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GROSS DEVELOPMENT VALUE

24,391,059

Purchaser's Costs	(1,219,553)
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NET DEVELOPMENT VALUE

23,171,506

NET REALISATION

23,171,506

OUTLAY

ACQUISITION COSTS

Fixed Price	5,890,000
	5,890,000

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost
	48,796 ft ²	282.73 pF ²	13,796,093

Contingency	3.00%	413,883
Demolition		413,000
MCIL		275,000
		1,101,883

PROFESSIONAL FEES

Professionals	8.00%	1,103,687
		1,103,687

MARKETING & LETTING

Letting Agent Fee	10.00%	103,662
Letting Legal Fee	3.00%	31,099
		134,761

DISPOSAL FEES

Sales Agent Fee	1.00%	231,715
Sales Legal Fee		115,000
		346,715

FINANCE

Debit Rate 7.000%, Credit Rate 0.750% (Nominal)		
Land		995,795
Construction		1,104,135
Total Finance Cost		2,099,930

TOTAL COSTS

24,473,069

PROFIT

(1,301,564)

Performance Measures

Profit on Cost%	(5.32)%
Profit on GDV%	(5.34)%
Profit on NDV%	(5.62)%
Development Yield% (on Rent)	4.24%
Equivalent Yield% (Nominal)	4.25%
Equivalent Yield% (True)	4.37%
IRR	2.61%
Rent Cover	-1 yrs -3 mths
Profit Erosion (finance rate 7.000%)	N/A

This appraisal report does not constitute a formal valuation.

Panda House

This appraisal report does not constitute a formal valuation.

APPENDIX 2

Panda House - Sensitivity Test A

Development Appraisal
Prepared by JRB
James R Brown & Company Ltd
09 June 2020

APPRAISAL SUMMARY**JAMES R BROWN & COMPANY LTD****Panda House - Sensitivity Test A**

Summary Appraisal for Phase 1

Currency in £

REVENUE**Rental Area Summary**

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
	1	23,167	65.63	1,520,450	1,140,338	1,520,450	1,140,338

Investment Valuation

Current Rent	1,140,338	YP @	4.2500%	23.5294	26,831,474		
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GROSS DEVELOPMENT VALUE**26,831,474**

Purchaser's Costs					(1,341,574)		
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NET DEVELOPMENT VALUE**25,489,901****NET REALISATION****25,489,901****OUTLAY****ACQUISITION COSTS**

Fixed Price				5,890,000			
						5,890,000	

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
	48,796 ft ²	268.59 pft ²	13,106,118	13,106,118

Contingency		3.00%	393,184	
Demolition			413,000	
MCIL			275,000	
				1,081,184

PROFESSIONAL FEES

Professionals		8.00%	1,048,489	
				1,048,489

MARKETING & LETTING

Letting Agent Fee		10.00%	114,034	
Letting Legal Fee		3.00%	34,210	
				148,244

DISPOSAL FEES

Sales Agent Fee		1.00%	254,899	
Sales Legal Fee			115,000	
				369,899

FINANCE

Debit Rate 7.000%, Credit Rate 0.750% (Nominal)				
Land			995,795	
Construction			1,053,812	
Total Finance Cost				2,049,607

TOTAL COSTS**23,693,541****PROFIT****1,796,360****Performance Measures**

Profit on Cost%	7.58%
Profit on GDV%	6.70%
Profit on NDV%	7.05%
Development Yield% (on Rent)	4.81%
Equivalent Yield% (Nominal)	4.25%
Equivalent Yield% (True)	4.37%
IRR	12.41%
Rent Cover	1 yr 7 mths
Profit Erosion (finance rate 7.000%)	1 yr 1 mth

This appraisal report does not constitute a formal valuation.

This appraisal report does not constitute a formal valuation.

Appendix 04

HERITAGE NOTE

Panda House, Commercial Road, London – Heritage Note – June 2020

Note in response to Committee Report dated 12th March 2020

- 1 This note has been prepared in rebuttal to comments made in the Committee Report dated 12th March 2020 to address those points raised regarding design and conservation.
- 2 Paragraphs 5.19-5.24
- 3 5.19: We believe that a seven-storey building can be appropriate in this location. The character of the conservation area is made up of a diverse historic street scene, and this is typified by the complete mix of building types, uses, scales that surround the site, including the ground and 11 storey tower behind Earl Attlee Court and ground and 6 storeys to the building opposite the site. The proposal has been designed to read as ground and 4 storeys along Commercial Road, with the additional storeys set well back.
- 4 5.20: The proposed building has been designed to ensure that it is subordinate in height to the Our Lady Immaculate Roman Catholic Church. The presence of the church between the site and the library means that there is already very little relationship, other than a wider urban one, between the site and the listed library.
- 5 The Our Lady Immaculate & St Frederick Church has always been seen within an urban context and elements of its architecture are appreciated from different positions. As a component of the townscape of a busy thoroughfare and appreciation of its qualities will mostly be a dynamic one passing from east-west or vice versa when different elements will reveal themselves at different moments.
- 6 5.21: We do not believe that the church would lose its landmark position or that the proposal will fail to allow the tower to be read as the most prominent tall and standalone feature in the townscape. The three distinct sections of the tower; base, lantern and pyramidal roof spire will still be visible and prominent. The views provided in the committee report (figure 5) illustrate how all three elements of the tower will still be appreciable in the townscape.
- 7 The deep setback of the upper floors of the proposal ensure that in views from the street they do not compete with the church tower – which sits prominently on the pavement edge.
- 8 5.22: The building line for the proposal at ground floor is in line with the Church so this concern is addressed.
- 9 5.24: The architectural style has made reference to surrounding buildings, including the fenestration proportions, and the materials chosen for the proposals have been selected to both match and complement those found in the surroundings buildings. A predominant use of brick is typical of the area, and the documentation provided by the architects

demonstrates the level of detail that has been considered to ensure that the proposal will be of a high quality. Its scale is commensurate to that located to its west.

10 Paragraphs 7.107-118

11 Paragraphs 7.107-7.115 provide an overview of the existing character of the conservation area. We have provided our own assessment of the existing character and context in Section 2 of the Heritage Statement (March 2019). Specifically, we concur that the Our Lady Immaculate and St Frederick's Roman Catholic Church makes a positive contribution to the character and appearance of the conservation area and that the tower is a 'landmark' in the townscape.

12 The assessment does not acknowledge the presence of buildings of considerably greater scale within the conservation area and immediate area and no assessment of the contribution made by the existing building on the site is made.

13 7.116: The deep set back of the two upper floors have been carefully positioned to ensure that the Church's strong presence along the townscape is retained and preserved. We do not believe that the building would lose its landmark position or strong presence along the townscape. The three distinct sections of the tower; base, lantern and pyramidal roof spire will still be visible and prominent. The views provided in the committee report (figure 5) illustrate how all three elements of the tower, as well as the rest of the church on Commercial Road will still be appreciable in the townscape.

14 7.117-118: We do not agree that the scale, height, massing and fenestration would have a harmful impact on the wider conservation area. The building has been designed to be read, along Commercial Road, in three parts – with the three bays to the east and west reflecting a rhythm and proportion, particularly the horizontality of the windows, that recognises the architectural proportions of some of the surrounding Victorian buildings. The site is visually and physically separated from St Anne's Church by buildings ranging from 2-11 storeys, including the development at Earl Attlee Court and the tower behind it and both higher than the adjacent listed library. As explained above we also believe that the proposals will preserve the contribution made by the adjacent Roman Catholic Church and its tower to the conservation area and surrounding townscape.

Site Context

15 Panda House lies within the St Anne's Church Conservation Area.

16 The listed and surviving unlisted structures of any discernible quality in the area their relationship to one another and to the conservation areas, illustrates the evolution of this part of London. It tells us very forcibly that change in the area has been substantial and continuous for many decades, and that – unlike other, more homogenous parts of the capital, Limehouse and this part of London is an area that, historically and now, has always been subject to multiple forces of change.

17 Whilst St Anne's Church provides the focal point and name of the conservation area, the site is located at the western end of the conservation area in a part that is more defined by its industrial/commercial past than the immediate setting of the church.

- 18 Specific structures within the area under consideration have specific historic associations and are linked to specific strands in social history. The Regent's Canal, Limehouse Basin, the Limehouse Cut, the former London & Blackwall Railway viaduct, the accumulator tower, what is left of the former Limehouse Curve – each is associated with the historical events and activities which have contributed to the development of the area and represent a various aspect of its historical narrative. This narrative is principally concerned with transport and trade. Of these two things, only transport survives as a continuing echo of the past of the area. Trade has long since disappeared, and the history of the area since the Second World War has been almost entirely concerned with residential-led regeneration.
- 19 Similarly, The Mission, built as a sailor's hostel, the former Passmore Edwards Library and the Our Lady Immaculate Catholic Church Limehouse are considered to form a significant group of public buildings. These are, however, already seen the context of other more modern buildings.
- 20 The heritage assets of the area provide us with 'evidence about past human activity' and, by means of their fabric, design and appearance, communicate information about the past. Subsequent alteration and demolition has not entirely denuded the structures and the conservation areas of their ability to do this. However the radical physical change that has occurred during the latter part of the 20th century has severely denuded the area of its coherence and integrity, and its historic character and appearance has suffered due to this change. In particular, the Limehouse Curve (in contrast to the intact London & Blackwall Railway viaduct) has been largely demolished.
- 21 The reality of St Anne's Church Conservation Area and the Lowell Street Conservation Area is that their character and appearance is compromised by the entirely visible, immediately adjacent and directly experienced low architectural and urban quality of their settings.
- 22 Much of the environment in the vicinity of the site, within the St Anne's Church Conservation Area, is indifferent in quality. The building at the corner of Commercial Road and Mill Place (Regent's Canal House, 626 Commercial Road) is clumsy and bland. Other new development nearby, including that opposite Panda House is typical of its time and whilst using a yellow brick is of no architectural merit.
- 23 To the east of the site is the tower and curved apse of the Our Lady Immaculate Catholic Church. Whilst an imposing presence on the street, the building is not listed, and forms a clear visual barrier between Island Row and the Queen Anne/Renaissance Passmore Edwards Library to its east.
- 24 Directly to the south of the Catholic church on Island Row is a series of older buildings, including a pair of late Victorian or Edwardian houses and some post-war buildings, which have little to commend them. Indeed, in this part of the conservation area, it is only the accumulator tower, the Catholic Church and the adjacent library that have any notable aesthetic value.
- 25 The new development that characterises the area to the south of the listed former London & Blackwall Railway viaduct is of very variable quality. It is highly dominant in visual terms – many of the buildings are of a greater scale than the earlier surrounding townscape, particularly those nearest the viaduct. That townscape is, in fact, most intact in terms of grain and architectural quality to either side of the listed railway bridge on the northern

side of Commercial Road – notwithstanding some dereliction, and the presence of a large new apartment development to the north and to the east towards the Mission Building.

- 26 The built environment in this part of London was never consistent and homogenous, beyond lengths of terraced housing. It was, rather, extremely varied, and characterised by a very wide range of building typologies, alongside major engineering structures such as docks and railways. This area never had the consistency of a Belgravia or a Hampstead Garden Suburb – its essential quality was heterogeneity, visual discord, radical contrasts in type and scale, close proximity of very different buildings to each other, with a diffuse and varied character rather than a single, dominating spatial and architectural identity.

Panda House

- 27 Panda House is a 1960s/70s building that is currently used as a hostel. The actual building has little historical value within the context of the evolution of the area other than as representative of the poor architectural quality of the post-war redevelopment of the area, however its use as a hostel is entirely appropriate within the context of The Mission and its role as a hostel for the more transient population.
- 28 It typifies the poor quality post-war development that replaced the older urban grain with buildings of bland generic style, in a form with materials that do not relate particularly to the surrounding area.

The Proposals

- 29 It is recognised within the Conservation Area Appraisal that the area is made up of a diverse historic street scene, and this is typified by the building complete mix of building types, uses, scales and materials that surround Panda House. This is what creates the character and appearance of the area in the immediate vicinity.
- 30 The building has been designed to be read, along Commercial Road, in three parts – with the three bays to the east and west reflecting a rhythm and proportion, particularly the horizontality of the windows, that recognises the architectural proportions of some of the surrounding Victorian buildings.
- 31 When viewed from Commercial Road – where an appreciation of the more important buildings within the conservation area are best seen – the upper storey element of the proposals is set considerably back from the road, and also from Island Row. This ensures that the breathing space is given to the adjacent church and the visual supremacy of the church tower is maintained in views along Commercial Road.
- 32 The Our Lady Immaculate & St Frederick Church has always been seen within an urban context and elements of its architecture are appreciated from different positions. As a component of the townscape of a busy thoroughfare and appreciation of its qualities will mostly be a dynamic one passing from east-west or vice versa when different elements will reveal themselves at different moments.
- 33 We do not believe that the building would lose its landmark position. The three distinct sections of the tower; base, lantern and pyramidal roof spire will still be visible and

prominent. The views provided in the committee report (figure 5) illustrate how all three elements of the tower will still be appreciable in the townscape.

- 34 The deep set back of the upper floors of the proposal ensure that in views from the street they do not compete with the church tower – which sits prominently on the pavement edge.
- 35 When seen in the context of the building to the west of Panda House, the proposals sit comfortably alongside.
- 36 Even though the existing Panda House is set back slightly, the majority of buildings along Commercial Road sit at the back of the pavement line – this includes the adjacent building to the west, The Mission, and the new development to the east of the Library building. The proposals retain a set back from the pavement edge which will ensure that the church, and its tower retain their prominence and their contribution to the character of the street is not diminished by the proposals.
- 37 In terms of the east and west elevation views, in reality they will never be seen directly side-on due to the usually tight nature of the side streets off Commercial Road. The area is typified not only by the variety of building types, scale and proportions, but also the ability to get glimpsed views down streets, round corners and over other buildings. The listed railway viaduct is an example of how historically structures have changed the views and vistas of the area. The pulled back elevation along Island Row will allow for greater views of the church from the south which will have a positive impact on the relationship between the two buildings.

Summary

- 38 Overall the proposals have had regard for the historic nature of the area – in particular the character and appearance of the conservation area, and those buildings within it that have been recognised as making a positive contribution – such as the adjacent church.
- 39 The proposals replace a building that makes no contribution to the character and appearance of the conservation area and merely reflects the poor-quality generic architecture of the post-war period – this includes its form, materials and proportions.
- 40 The architectural style has made reference to surrounding buildings, including the fenestration proportions, and the materials chosen for the proposals have been selected to both match and complement those found in the surroundings buildings. A predominant use of brick is typical of the area, and the documentation provided by the architects demonstrates the level of detail that has been considered to ensure that the proposal will be of a high quality. Its scale is commensurate to that located to its west.
- 41 To ensure the prominence of the adjacent church tower (and listed library beyond) the proposed building is set back from the pavement edge in line with the church and the top floors set even further back to ensure the tower retains its status as a local landmark.
- 42 The proposals can certainly be regarded as preserving the character and appearance of the conservation area and the setting of nearby listed buildings, and further is a considerable

enhancement over the existing Panda House. The development would secure the optimum viable use for the site in a much-enhanced form over the existing.

- 43 In preserving and enhancing the character and appearance of the conservation area and the setting of nearby listed buildings, we do not consider that harm is caused to heritage assets. If, however, some level of harm is identified by others then we do not believe that this could be considered to be greater than 'less than substantial' which should then be weighed against the public benefits of the proposal including securing its optimum viable use.

Appendix 05

DESIGN NOTE

Panda House, Commercial Road, London

Note on design issues

Draft Issue 22 May 2020

1. I am the founding director of Create Design Limited, an RIBA Chartered Practice having started up and established this company in 2012. I have won many design awards for high quality design including a number of national awards. I am a registered architect with 22 years professional experience. My qualifications include a BA (Hons), Dip Arch, MA, I am registered with the Architects Registration Board (ARB) and the Royal Institute of British Architects, RIBA.
2. This is my statement in relation to the appeal hearing and is made to address matters raised in the Officer's Report Ref PA/19/00804. I am addressing part of the reasons for refusal no 2 and reasons for refusal no 3.
3. I have reviewed the officers report, local policies and the planning application submission material from which I drawn references.

Summary of my Involvement in the Project

4. Create Design Ltd became involved in this project from its inception in 2017 and examining options for the building since 2014. Create designed the scheme that is subject to this appeal.
5. We assisted Rapley's through the planning process and attended the post submission planning meeting held on 16th August 2019.
6. At that meeting the subject area that formed reasons for refusal no 2 and no 3 was discussed. At the meeting we presented both the Design & Access Statement that formed part of the planning application and the document entitled Design Comments Response 190814.
7. This design response document was aimed at addressing matters that had been raised by officers during the course of negotiations with Rapley's. There were 15 points illustrated in the report.
8. Following the meeting, we agreed with the client and Rapley's to make some amendments to the proposals to address officer comments made at the meeting.
9. These amendments were submitted and were summarised in our document Design Comments Response documents Part 1 & Part 2

dated 14th October 2019. There were 4 key changes and one proposed public realm improvement offered. These changes are summarised on page 1 of this document and are:- 1) The whole building was set back from Commercial Road to the line of the previously consented scheme, 2) Active frontages were provided at ground floor along Commercial Road, 3) An improved, more visible entrance design was created, 4) The hostel and HMO waste storage was separated. 5) A dedicated cycle lift to the lower ground floor cycle and store was provided. We also offered a re-surfacing of part of Island Row to improve the street scape and the setting of the adjacent Our Lady Immaculate Church.

Observation on Appeal Material

10. It should be noted that the CGI used in section 2.5 (and elsewhere) in the Officer's Report 12.03.20 is out of date. During the course of the application, the location of the building was changed to the line of the previously consented application No PA/11/02318. The result is that this improved the setting of the adjacent Our Lady Immaculate church. This image should in my view be disregarded for the purposes of the reason for refusal and appeal. It is, in my opinion very misleading for the council to use this CGI as they were well aware of the scheme changes during the course of the application period, this CGI though was not updated.
11. It is worth noting that the comments in the Officers Report 12.03.20 in paragraph 5.21 in terms of the relationship with the adjacent Our Lady Immaculate Church are based on the same incorrect information. 5.22 notes that the 'original building line was level with the church and pulling forward in not acceptable'. The design revisions document section 3 makes it clear that the revised proposed scheme was on the same building line as the existing building in relation to Commercial Road.
12. The sentence in the Officers Report 12.03.20 paragraph 5.22 'pulling the building line to the existing partially addresses this concern' is perhaps an acknowledgement from the officers to the revised drawings. However, this comment makes no sense. The existing building is already set back from the street edge more than neighbouring buildings and is established. The consented application PA/11/02318 followed the existing building line and was judged acceptable. The Our Lady Immaculate Church is not a listed building and is set in an urban location. There is no justification provided by the council for their comments in this sentence that maintaining the existing building line only partially addresses the concern.

13. Paragraph 5.23 of the officers report notes that 'more public areas such as communal facilities should be orientated to Commercial Road. The ground floor plan 189-CDA-A2-DR-A-05-0100 Revision 07 dated 20 September 2019 illustrates that the entire ground floor facing Commercial Road has active frontage. This drawing formed part of the revised information issued during the course of the application and was seemingly ignored by officers.
14. Paragraph 7.82 of the Officers Report 12.03.20 notes that the fenestration is 'excessive', although the excess is not defined. And later in the same paragraph is noted that the fenestration is out of character.
15. The character of the area surrounding the site, the buildings either side of Commercial Road are illustrated in the Design Comments Response Part 1 on pages 3, 4, 5, & 7. Examples of many of the surrounding old and modern buildings are illustrated. This presentation clearly illustrates a range of fenestration types, some similar. It also illustrates buildings near-by and in the St Anne's conservation area that are similar in bulk and scale with set-back upper floors. It cannot in our view therefore be concluded that the proposals are 'out of character'. There is no overwhelming local character in this part of Commercial Road. Even the buildings built before the first half of the 20th Century differ widely.
16. Paragraph 7.83 of the Officers Report notes 'The proposed balconies along the central part of the northern elevation do articulate the form to some extent; however, officers raised concerns with regard to the usability'. These balconies serve the communal rooms. Whilst Commercial Road is busy, these balconies provide occasional external access to improve the quality of space for the proposed building residents. There is no policy requirements for the quality of such space. Many central London buildings have external space on busy streets. This building is designed for the long term and it is clear that the Mayor's clean air strategy is aimed at improving air quality. It is my opinion that to remove these balconies, would be a short term response at the expense of the long term amenity of the building resident's and the appearance of the northern elevation. Long term planning for buildings is a requirement of national planning policy.

Reasons for Refusal Response – Reason 2

17. The first point raised is that the scale, height and massing of the proposed seven storey building would be overbearing to the character and as such would cause harm to the St Anne's Conservation Area. The issue of harm is commented upon by the heritage consultant. I

would note though that the site lies at the western end of the conservation area. The St Anne's Conservation Area Character Appraisal Overview section notes that the purpose of the conservation area was 'to safeguard the visual setting of St Anne's Church' which is located at the eastern side of the conservation area. The site is located 200m from the edge of St Anne's Churchyard and a further 60m from the Church building itself. Due to the geography of Commercial Road the site is not visible in views too or from St Anne's.

18. The council have referred to the scale of the proposal causing harm. Page 3 of the Design Comments Response Part 1 document dated 14th October 2019 addresses the matter of scale. Within the conservation area and adjacent to it, the buildings along Commercial Road within the vicinity of the site are generally of 5,6 and 7 floors in height. Pages 5, 6 & 7 of the document illustrate the buildings surrounding the proposed site and illustrate how similar in scale they are to the proposal. The proposal is in fact split into the main body which is five floors and a substantially setback upper part of two floors. The design is appropriate to its setting and sits comfortably with its surroundings as is noted in more detail below. I do not therefore agree with the council that the proposed scale would be 'overbearing' or would be out of character in the conservation area.
19. The second sentence of reason for refusal 2 is 'The site layout and scale of the proposed development fails to follow good design principles indicating the overdevelopment of the site'. It is not immediately clear what officers mean here, but looking through the officer's report in terms of comment on site layout first I would observe the following.
20. Site layout in my view comprises the building footprint and the arrangement of space within the plan form. I have made my comments in paragraphs 12-17 above about the building footprint. I believe the officers main report comments about building footprint relate to the earlier plans and do not relate to the revised drawings submitted during the course of the application. The maintenance of the existing building line, along Commercial Road, previously agreed by the council as acceptable is, in my opinion, still acceptable.
21. In terms of the arrangement of space, the building flows logically with the main entrance and reception facing Commercial Road, located in the centre of the façade, with a main entrance below the line of balconies. As noted above communal spaces are then located to either side of the main entrance and centrally above the main entrance. A design approach that is in accordance with Tower Hamlets Local Plan

Policy (THLPP) D.DH2 2a & k. The plan and elevations therefore provide a logical expression of the communal areas to the street and so the plan is 'legible' from the front of the building in accordance with THLPP D.H2 2b. This internal communal space arrangement is illustrated by the internal CGI shown on page 57 of the Officer's report. Core areas (stair and lifts) are located to the dark centre of the building. Service areas located to Island Row, where the building line is pulled back to create some public space. Occupiable rooms are located around the perimeter with large windows so that they benefit most from natural daylight and are therefore light and airy internally to create high quality living space.

22. There is no universal 'good design standard'. The proposed design meets the council policy space standards, is well articulated and set out. The building is arranged on the site to respect the locality in terms of building line and internally it is arranged in a logical and legible fashion when considered from the street and within. For the reasons I believe the council's concern about the site layout not following 'good design principles' is not substantiated.
23. In terms of the scale this is addressed in both the Design & Access Statement and Design Comments Response document. The revised scheme scale is within the range of building heights located within the vicinity of the site and within and on the edge of the St Anne's conservation area. As illustrated in page 3 Section 1 of the Design Comments Response Part 1 the range of buildings in the vicinity is 5-7 floors, with higher buildings located just a little further away. Opposite the site and Our Lady Immaculate Church is the Salton Square development which is 5-7 floors. This building has a ground floor designed for commercial use, which means it is higher than equivalent floor accommodating residential space. The building is therefore higher at its first setback than the proposal. This fact is illustrated on pages 6 & 7 of the Design Comments Response Part 1 document.
24. In terms of the northern elevation along Commercial Road illustrated on page 8 of the Design Comments Document it can be seen that the five floors of the building upto the setback are lower than the adjacent building (to the right in the image) and form a step in building height downward towards Our Lady Immaculate church. As this facade is located on the same building line (and is lower than the previously consented scheme) so logically it must be acceptable to the council.
25. That being the case the area of concern can only be where the proposal is higher than the previously consented scheme, i.e. the setback upper floors.

26. Page 8 of the Design Comments Document illustrates the setback for the top two floors. The setback is 3.6m. The setback in the Salton Square scheme opposite is 2.8m.
27. The illustration on page 9 of the Design Comments documents shows that close up the setback is such that the upper parts of the building are barely visible from Commercial Road and have very little impact on Our Lady the Immaculate church or the wider St Anne's Conservation Area. There is only a short distance on the opposite side of Commercial Road, to the east of the site between the old railway bridge and the site that the tower of Our Lady Immaculate church can be seen clearly from the east. We have maintained this view in our proposal. We do not believe that this view is of great significance and there are no protected views of Our Lady Immaculate church in council policy.
28. The wire line illustrations on pages 6 & 7 of this document illustrate these set back floors are well behind the tower of Our Lady Immaculate and will not therefore reduce the visibility or prominence of its tower in the Commercial Road streetscape.
29. It is my opinion therefore that the height, bulk and mass are similar to other buildings in the locality. The proposed building form does not compromise the prominence of Our Lady the Immaculate church within the setting of Commercial Road. These considerations are compliant therefore with THLPP policy S.DH1 a, (an appropriate scale) b (coherent and complimentary building lines), c scale form and material are complimentary to the immediate and wider surroundings) & d (protect views of and from important buildings).
30. The third sentence in reason for refusal 2 is 'The proposal fails to secure high quality detailing'. There is little information in the officer's report on this point to support this reason for refusal.
31. Paragraph 7.84 of the officer's report notes 'whilst there is no particular objection to proposed materials and, samples would have been required via condition had the application been acceptable, it is considered that due to the incoherent fenestration pattern, the overall appearance of the building is also not of sufficient quality and therefore does not comply with mentioned policies'. I draw from this sentence that the proposed materials are acceptable. The main body of the building is brick, two tones and, the upper parts are described on the elevation drawings as a 'Rockpanel'. The CGI illustrations show this panel as a bronze coloured composite metal panel. This type of composite panel provides an elegant, durable and natural material that

is complimentary in colour to the conservation area.

32. Brick and bronze metal are generally accepted as materials that are acceptable within conservation areas. These materials and colours are present in the conservation area and are therefore complimentary to the locality. They are therefore compliant with THLPP policy objective 1 e.
33. In terms of the comments about the fenestration pattern being incoherent I simply don't accept the council's point. My comments below are generally confined to the northern elevation as this seems to be the focus of officer concerns, other elevations have not been mentioned by officers in their report. I have explained the logical and rational layout of the plan form earlier in my statement. The building is very rational in elevation arrangement too. The front northern elevation is clearly divided into three elements across its width (which are delineated by a façade step and brick colour) and, the main body and recessed upper part are defined horizontally by the setback.
34. The central element of the main body defines the entrance and communal areas, it is as noted recessed and has a lighter brick than the two flanking wings. The two flanking wings have a classical 3 window bay arrangement per floor. This pattern is repeated to the rear, the side elevations are also split into three. The windows, as noted above, are almost full height per floor and will provide excellent levels of daylight internally. The recessed upper floors also have large windows and symmetrical form complimentary to the base, but are clothed in the bronze Rockpanel rather than the brick. In no way can the highly rational, clear and simple elevations be accurately described as incoherent.
35. The fenestration follows the plan form and is logical and rational. There is no common floor or cornice line in Commercial Road, so it is not necessary for windows to line through with neighbours. However, the windows are of a scale found on other buildings in the vicinity including the Salton Square scheme opposite and the Early Attlee Court, the new build apartment which is adjacent to the Listed Old Library and within the St Anne's Conservation Area.
36. For the reasons provided above I do not agree with the council's position that the proposal ' fails to secure high quality detailing'.
37. Chapter 12 of the NPPF Paragraph 130 requires councils to consider designs that take the opportunity to improve a locality. It must be considered relevant that the current building occupying the site is a

negative contributor to the conservation area. In contrast the proposal is for a high quality proposal that will enhance the local area and the setting of the heritage assets.

38. The council did not respond to the applicant's offer to improve the public realm around Our Lady Immaculate church as illustrated on page 11 of the Design Comments Response document.
39. Chapter 12 paragraph 131 requires councils to consider favourably highly sustainable proposals; this proposal is the sustainable re-use of a poorly developed brownfield site with a new highly efficient and durable building.
40. It does not appear from my perspective that the council has considered NPPF chapter 16 paragraphs 189, 190 in terms of the significance of Our Lady Immaculate church in the St Anne's Conservation Area have been adequately considered by officers. The Heritage Consultant has provided further comments on this matter.

Reasons for Refusal Response – Reason 3

41. The first sentence of this reason for refusal is 'The HMO accommodation would not provide adequately lit communal indoor amenity spaces'.
42. The following policies are listed in this reason for refusal, S.H1 Meeting housing needs, D.H2 Affordable housing and mix, D.H3 Housing Standards and Quality, D. H7 Housing with shared facilities (houses in multiple occupation), D.DH8 Amenity. Only D.DH8 refers to daylighting of communal spaces. The reason for refusal is not specific that it applies to natural daylight alone. There is so far as I can see no minimum lighting level set out in planning policy for communal space in HMO's. There are light levels set out in the building regulations. I can confirm that the building regulations lighting levels can be achieved, and compliance would be demonstrated through detailed design at that stage.
43. Much of the communal space is kitchen areas. in residential houses for example there is no requirement for daylighting levels in kitchens. However, in the proposal these spaces are well lit by natural daylight.
44. In terms of the approach to the location of communal space as noted above this is generally located in the central front or central rear portion of the building with the exception at ground floor where they are

located either side of the main entrance.

45. All of these spaces without exception have large almost full height (floor to ceiling, approximately 2.4m high) glazed windows. If for example you examine the typical second floor plan 189-CDA-A2-02-DR-A-05-0102 Revision 01, there are one very large window approximately 3m wide and a second window around 1600mm wide. The room is approximately 6.5m deep. We believe there would be an excellent level of daylight. Examining the ground floor plan 189-CDA-A2-00-DR-A-05-0100 Revision 7 both communal spaces benefit from a long full height strip of windows facing Commercial Road and secondary windows to the sides. This is in my opinion a very good level of natural daylighting.
46. I have concluded that the natural daylighting level achieved is very high and indeed it would be hard to increase it further. Overall, the designs including artificial lighting can meet the requirements of planning policy D.DH8 and building regulations. I do not believe contrary to the council's assertion that the communal accommodation will not be adequately lit.
47. The second sentence of reason for refusal 3 reads 'There would be a lack of communal amenity space for future occupiers of the HMO accommodation.' The Tower Hamlets House Regulations for Shared Accommodation dated February 2019 provide the amenity space standards for HMO's. Of note there is flexibility in terms of the number of kitchen spaces required per inhabitant of between 1 space and 5-7 users, but there are kitchen areas specified.
48. We have considered several aspects of amenity space provision in reviewing this point kitchen space, living and dining space and external amenity space.
49. In terms of kitchen space as noted there is latitude in the provision in terms of the HMO guidance. The proposal provides 209.2m² of kitchen space. We have checked and can confirm that no resident would need to travel more than one floor to access space, which is also in accordance with the HMO regulations.
50. In terms of living room and dining room space provision the proposal provides 238.9m² which is very significant in terms of provision and includes generous and high communal spaces such as living / dining rooms, plus there is cinema and gym available to residents.
51. In terms of outdoor amenity space, the proposal provides 345.4m²

(calculated as all outdoor amenity space together, whereas the requirement is for 110m². What you can include in the calculation of amenity space is not precise in policy terms. But looking at the minimum, if you count balcony and terrace space only the provision is 110m². So, in our view either way it is with this is policy compliant.

52. In summary, the proposal is very high quality and the provision of space within both the rooms and communal amenity areas, internally and externally is excellent. It is worth remembering the current building contains hostel style accommodation and houses some 263 residents (maximum) in its current configuration. The proposal with 109 rooms overall would deliver a vast reduction in resident density and a big increase in quality.
53. I can conclude that there is adequate provision
54. As such I conclude the standard of living accommodation is acceptable.

Matthew Williams

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Tower Hamlets has agreed a set of minimum standards in relation to rented properties in the borough. These were approved by Cabinet and are legally binding.

1. Space Standards for Sleeping Accommodation

In this guidance, a bedsit or studio is defined as a room, or rooms, used for sleeping within a building, where some of the basic facilities or amenities for food preparation and hygiene are provided within the accommodation, or in a separate room and for the exclusive use of the occupiers of the bedsit or studio.

A bedroom is a room within a building used for sleeping, and which does not contain any of the basic facilities. The facilities are either provided in separate rooms and are shared with other people living in the HMO, or are provided in separate rooms but for the exclusive use by the occupiers of the bedroom.

A self-contained bedsit/studio or flat is one that contains all of the facilities and amenities for

food preparation and hygiene within the accommodation.

A maximum of two people are permitted to share a room for sleeping irrespective of age. If there are two occupiers, they must be living together as partners, family members or consenting friends. A room shared by more than two people is overcrowded, and may be subject to enforcement action by the local authority.

A room used for sleeping must not be shared by people of the opposite sex who are 10 years old and over, unless they are married or cohabiting / living together in a relationship as husband and wife or in an equivalent relationship in the case of persons of the same sex.

When measuring the size of the room and assessing usable space, the shape of the room should be taken into account as well as the total floor area.

Space taken up by fitted units are counted in the floor area calculation, but chimney breasts, lobbies and en-suite bathroom or shower rooms or other significant obstructions that can reduce the floor area are not. Rooms must have a minimum floor to ceiling height of at least 2.14 m over 75% of the floor area. Any floor area where the ceiling height is less than 1.53 m is disregarded but may be considered as possible storage space

Table 1 Room Sizes

Number of occupiers	Minimum bedroom size for sleeping Kitchen facilities in a separate room m ²	Minimum bedroom size for sleeping Kitchen facilities within the room m ²
One	8.5	13
Two	13	18

Any rooms below the minimum space standard above will not normally be considered suitable for sleeping accommodation although discretion may be granted if there is sufficient other communal space available to the occupier (see below) and/or the room is well set-up and provides a decent unit of accommodation. No rooms below 6.5m² will be considered as suitable for sleeping rooms. No room can be considered suitable for occupation by more than one person or two persons co-habiting.

2. Living and dining rooms

A landlord may provide a communal living room in addition to any space that is required for shared kitchen and dining facilities. As a guide, a communal living room should be at least 13

square meters for 3 people, plus 1 square meters for every additional person. For example, a living room for 5 people should be 15 square meters.

If dining facilities are combined with the living room, the room should be at least 14 square meters for 3 people, plus 1 square meters for every additional person. For example, a combined living/dining room for 5 people should be 16 square meters.

3. Kitchen Facilities

Kitchen facilities should be no more than one floor away from the letting. Where this is not practicable, a dining area of a size suitable for the number of occupiers should be provided on the same floor as, and close to, the kitchen. Kitchens must be of an adequate size and shape to enable safe use of food preparation by the number of occupiers and the following guidelines for shared kitchens apply:

Table 2 Number of Sharers

Number of sharers	Room size m ²
Up to 3	5.5
4-5	7.5
6-7	9.5
8-10	11.5

Where all or some of the lettings within the HMO do not contain cooking facilities, such facilities must be provided for sharing with other households. There should be one full set of facilities per 5 persons, irrespective of age. Some flexibility may be considered in well-managed properties where there are 6 or 7 persons, subject to a risk assessment carried out by the local authority.

Where there are up to 10 persons, either an additional full set of cooking facilities must be provided, or additional facilities must be provided in an appropriate number of individual lettings where the room is large enough. If two sets of facilities are in the same room, each set must be separated and in distinct areas of the room.

The kitchen size and layout must enable the practical, safe and hygienic use of the kitchen for storage, preparation and cooking of food.

The wall, floor and ceiling surfaces shall be smooth, impervious and capable of being cleaned.

A set of cooking facilities is comprised as follows:

Table 3 Kitchen Facilities

Facility	Number of Occupants	Requirement
Cookers	One	In one-person bedsits only, a cooker with a 2- ring hob, oven and grill. Must be permanently and safely installed on a fixed worktop.
	Up to 5	Four-ring hob, oven and grill.
	6 to 7	Four-ring hob, oven and grill and an additional combined microwave oven and grill.
Sink/Drainer	Up to 5	1000 mm sink/drainers set on base unit, provided with a constant supply of hot and cold water and properly connected to the drainage system.
	6 to 7	A double sink/drainers installed as above or A single sink/drainers plus a dishwasher.
Worktops	One household	1000 mm x 600 mm. Worktop must be fixed, and made of suitable impervious material.
	Up to 5	2000 mm x 600 mm provided and fitted as above
	6 – 7	2000 mm x 600 mm provided and fitted as above, plus additional space for extra appliances.
Splashback	All	Splashback 300 mm tiled splashback or its equivalent to be provided to the sink/drainers, worktop and any cooker without an integral splashback.
Electrical Sockets	Up to 5	One suitably located electrical socket for each dedicated appliance such as a cooker, refrigerator and washing machine. In addition, 4 sockets (in either double or single combinations) to be provided above the worktop.
	6-7	An additional 2 sockets as above.
Floor Covering	All	Impervious and washable floor covering to cover the floor area of the kitchen.
Storage Cupboards	Per household	One double wall cupboard or One single base cupboard. May be provided within individual lets. The base unit below the sink/drainers is not acceptable for food storage.
Refrigeration		Where provided in individual lettings, a small fridge freezer.
	Up to 5	Where provided in a shared kitchen, equivalent of 2 worktop height refrigerators both with freezer compartments, or 1 worktop height fridge and 1 worktop height freezer.
	6 to 7	Where provided in a shared kitchen, the equivalent of an additional

		worktop height refrigerator with freezer compartment.
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- Kitchen facilities where provided in a bedsit should be sited remote from the entrance door.
- The cooker should not be situated below a window.
- A kitchen must not be the sole access to a room used for sleeping.
- Kitchen facilities must not be installed in a hallway.
- A humidistat-controlled mechanical extractor must be provided where there is inadequate ventilation by means of a window. Newly converted kitchens must have a mechanical extractor regardless of whether there is an openable window.
- Apart from an extractor hood, fixtures and fittings are not to be directly above cooking appliances.
- Sufficient refuse storage to be provided adequate for the number of occupiers.

4. Personal washing and wc facilities

- Bathrooms and WCs should be within one floor of lettings, and where shared, must be accessible from a common area. WCs and bath/shower rooms must be fitted with a suitable and functioning lock and the surfaces must be impervious and readily cleansable.
- Bath/shower rooms and WCs must be adequately ventilated, and bath and shower rooms must be adequately heated, such as by radiator, wall-mounted convection or fan heater, or underfloor heating. Electric bar heaters are not permitted. In new conversions, a mechanical extractor must be installed in addition to any openable window.
- Where only one bathing facility is provided in the premises, it must be a bath with a suitable seal and a fixed overhead shower. A fixed shower rail and curtain must be installed.
- Ideally wash hand basins in each bedsit sleeping room are required where practicable in houses with 5 or more occupiers, unless the room contains a sink/drain.
- Properties that are not bedsit accommodation may not require wash hand basin's in sleeping rooms at the discretion of the local authority.
- The facilities must be adequate for the number of occupiers, and the following is a guide. External wc's are not counted.

Table 4 Washing and Bathing Facilities

Number of	Facilities	Specifications
1-4	1 bath with wash hand basin WC can be in bathroom	Standard size bath with 450 mm splashback Full-size wash hand basin with tiled splashback. Both to have constant supply of hot and cold water. If the WC is separate, it must have an additional wash hand basin & tiled splashback within the compartment.
5	1 bath with wash hand basin in room 1 WC with wash hand basin 1 wash hand basin in each sleeping room	WC should be separate from the bath/ wash hand basin (If combined numbers may be restricted) wash hand basin's in bedsit rooms where practicable.
6-10	2 bathrooms with wash hand basins in each One of bathrooms must contain bath, and the other a shower which may be fixed over-bath type 2 wc's, one in own compartment with wash hand basin 1 wash hand basin in each sleeping room	As above wash hand basin's in bedsit rooms where practicable.

- Where a shower cubicle is provided, it must be of a sufficient size that the user can bathe and dress without injury.
- All rooms containing baths/showers, WCs and wash hand basins must be adequately lit, ventilated and heated.
- All shower cubicles to be fully tiled (or similar impervious material) or be complete self-standing cubicle.

- The minimum acceptable bath size is 1700mm x 700mm and shower cubicle 800x800mm.
- Every bath, shower and wash hand basin must be provided with an adequate and continuous supply of hot and cold water and be connected to the drainage system in compliance with current Building Regulations.

5. Fire Safety

- Fire safety standards to be based on the final edition of the Lacors LACORS Housing Fire Safety Guidance:
http://www.cieh.org/library/Knowledge/Housing/National_fire_safety_guidance_08.pdf
- As a minimum all properties must have a suitable mains-wired fire detection system and a means of escape that is adequately protected against the smoke and flames should a fire arise in a kitchen, bedroom or other communal room. There should be a Grade D LD2 fire detection systems (BS5839 part 6-2013). This includes a mains wired heat detector(s) in the kitchen and any room containing cooking facilities interlinked to a smoke detector(s) in the hallways and every landing. This can be achieved by finding the case study in Part D of the LACORS guide that closest matches the property and adopting those standards.

6. Heating

- Dwellings must have both effective insulation and efficient heating with reference to current energy efficiency requirements.
- A fixed heating system must be provided to all lets. Radiators must be fitted with thermostatic valves. Fixed storage heaters are preferred where there is no gas supply.

7. Services

- Each room being used as a sleeping room must have at least 3 double electric sockets for the use of the occupiers. Where there is a self contained flat it must have its own exclusive supply of electricity, gas and water.

8. Additional Considerations

- Compliance with these standards does not negate the need for compliance with other statutory provisions, including the Housing Act 2004 and supporting Regulations and guidance.

9. Buildings converted into flats (Section 257 HMOs)

- Section 257 of the Housing Act 2004 defines the circumstance where a building converted into flats is a HMO. This is a building that was not converted in accordance with the 1991 Building Regulations (or later) and which still does not meet those standards and where a third or more of the flats are rented out on short term tenancies.
- The standards detailed below are for units occupied by a single household. Where a flat in a section 257 is occupied by two, or more unrelated persons the standards detailed above for HMOs will apply.
- The table below details the minimum required standards for a section 257 HMO:

Table 5 Required Standards for 257 HMOs

	Minimum floor space
Studio – one person	11m ²
Studio two persons cohabiting as a couple	15m ²
Separate kitchen – single occupancy	5.5m ²
Separate kitchen – two or more occupiers	6.5m ²
Bathroom	Must meet the general requirements above
Separate bedroom – single occupancy	6.5m ²
Separate bedroom - couple	10m ²
Additional bedrooms single person	6.5m ²
Additional bedrooms couple	10m ²

All kitchens must meet the standards detailed above.

All bathrooms must meet the standards detailed above.

Appendix 6

ARCHAEOLOGY DESK TOP REPORT

ARCHAEOLOGICAL DESK BASED ASSESSMENT

De-Paul House, 628-634 Commercial Road, London, E14 7HS

JAC26428
628-634 Commercial Road
Draft
May 2020

ARCHAEOLOGICAL DESK BASED ASSESSMENT

Quality Management

Version	Status	Authored by	Reviewed by	Approved by	Review date
1	Draft	Simon Blatherwick			May 2020
2	Final	Simon Blatherwick		Matthew Smith	May 2020

Approval for issue

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EXECUTIVE SUMMARY

The Site has been assessed for its below ground archaeological potential. The Site is situated within a Tier 2 Archaeological Priority Area (DLO37838 - Limehouse) and is occupied by a building of three-storeys with an existing basement. The footprint of the existing building covers the entire site.

Tier 2 Archaeological Priority Areas are identified, by Historic England's Greater London Archaeology Advisory Service (GLAAS), as an area within which the GLHER holds specific evidence indicating the presence or likely presence of heritage assets of archaeological interest.

Site-specific geotechnical information is not available.

On the basis of the available archaeological and topographic information, a Low potential can be identified for prehistoric archaeology on the Site.

A Low archaeological potential can also be identified for the Roman period with a Low potential for the survival of Anglo Saxon and Medieval deposits.

GLHER entries within the immediate vicinity of the Site reflect the post-medieval development of the surrounding area although archaeological evaluation undertaken in the vicinity has produced very limited results. Cartographic evidence points to the presence of a Dissenters Meeting House / Chapel being present on the Site from the late C19th with the current building apparently having been constructed in the 1960's.

The proposed development is for the demolition of existing building and erection of a building of up to five-storeys plus a lower ground floor.

The Site, occupied by the footprint of the existing building, covers a small area but the GLAAS "Archaeological Risk model" describes the site as a Medium Risk due to works associated with the construction of a basement. However, it can be expected that the construction of a three-storey building, with a basement, in the 1960's, will have resulted in the fragmentation of any archaeological deposits and remains that may have been present on the Site.

Due to the risk identified in the GLAAS "Archaeological Risk model" it is considered that, if the LPA and their Archaeological Advisers have any further archaeological requirements, these can be secured by the placing of an appropriately worded condition on any planning consent. The presence of the existing building and basement, across the entire footprint of the Site, means that any required site works could only take place post-planning consent.

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1 INTRODUCTION AND SCOPE OF STUDY

- 1.1 This below ground archaeological desk-based assessment has been prepared by RPS Consulting Services on behalf of the Applicant.
- 1.2 The subject of this assessment is De Paul House, 628-634 Commercial Road, London E14 (Figure. 1) in the London Borough of Tower Hamlets. The Site is centred on NGR 536501,181083.
- 1.3 The Site is located on the south side of Commercial Road (A13), between Mill Place to the west and Island Row to the east.
- 1.4 The existing building on the Site is of red brick construction, in a square layout with central courtyard. The building is three-storeys high at the front facing Commercial Street, stepping down to two-storeys at the rear.
- 1.5 In accordance with central and local government policy and guidance on archaeology and planning, and in accordance with the 'Standard and Guidance for Historic Environment Desk-Based Assessments' (Chartered Institute for Archaeologists, Rev. 2017), the Applicant has commissioned RPS to undertake this below ground archaeological desk-based assessment.
- 1.6 In terms of relevant designated heritage assets, no World Heritage Sites, Scheduled Monuments, Registered Parks and Gardens, Historic Battlefield, or Historic Wreck Sites occur within or in close proximity to the Site.
- 1.7 The Site is situated within the Tier 2 Archaeological Priority Area (DLO37838 - Limehouse), reflecting;
 - the historic settlement of Limehouse as well as Limehouse Dock and Limehouse DLR. It is classified as a Tier 2 APA for its potential to contain remains of the commercial and industrial development of Limehouse as well as proposed [sic] Roman activity.(GLHER APA Data - GLHER Report 15580 S De Paul House TQ 36501 81083 600m radius search)
- 1.8 The Site is situated within the St Anne's Church Conservation Area. However, this is a below ground archaeological desk-based assessment. Built heritage assets will not be discussed in this report.
- 1.9 This desk-based assessment comprises an examination of evidence on the Greater London Historic Environment Record (GLHER) and other sources, together with the results of a comprehensive historic map regression exercise.
- 1.10 This document draws together the available archaeological, topographic and land-use information in order to clarify the archaeological potential of the Site and to consider the need for design, civil engineering, and archaeological solutions to the archaeological potential identified.

2 PLANNING BACKGROUND AND DEVELOPMENT PLAN FRAMEWORK

- 2.1 National legislation regarding archaeology, including scheduled monuments, is contained in the Ancient Monuments and Archaeological Areas Act 1979, amended by the National Heritage Act 1983 and 2002, and updated in April 2014.
- 2.2 In March 2012, the government published the National Planning Policy Framework (NPPF), and it was last updated in February 2019. The NPPF is supported by the National Planning Practice Guidance (NPPG), which was published online 6th March 2014, with the guidance on Conserving and Enhancing the Historic Environment last updated 23 July 2019. (<https://www.gov.uk/guidance/conserving-and-enhancing-the-historic-environment>).
- 2.3 The NPPF and NPPG are additionally supported by three Good Practice Advice (GPA) documents published by Historic England: GPA 1: The Historic Environment in Local Plans; GPA 2: Managing Significance in Decision-Taking in the Historic Environment (both published March 2015). The second edition of GPA3: The Setting of Heritage Assets was published in December 2017.

National Planning Policy

- 2.4 Section 16 of the NPPF, entitled Conserving and enhancing the historic environment provides guidance for planning authorities, property owners, developers and others on the conservation and investigation of heritage assets. Overall, the objectives of Section 16 of the NPPF can be summarised as seeking the:
- Delivery of sustainable development;
 - Understanding the wider social, cultural, economic and environmental benefits brought by the conservation of the historic environment;
 - Conservation of England's heritage assets in a manner appropriate to their significance; and
 - Recognition that heritage makes to our knowledge and understanding of the past.
- 2.5 Section 16 of the NPPF recognises that intelligently managed change may sometimes be necessary if heritage assets are to be maintained for the long term. Paragraph 189 states that planning decisions should be based on the significance of the heritage asset and that level of detail supplied by an applicant should be proportionate to the importance of the asset and should be no more than sufficient to review the potential impact of the proposal upon the significance of that asset.
- 2.6 *Heritage Assets* are defined in Annex 2 of the NPPF as: a building, monument, site, place, area or landscape positively identified as having a degree of significance meriting consideration in planning decisions. They include designated heritage assets (as defined in the NPPF) and assets identified by the local planning authority during the process of decision-making or through the plan-making process.
- 2.7 Annex 2 also defines *Archaeological Interest* as a heritage asset which holds or potentially could hold evidence of past human activity worthy of expert investigation at some point.
- 2.8 A *Nationally Important Designated Heritage Asset* comprises a: World Heritage Site, Scheduled Monument, Listed Building, Protected Wreck Site, Registered Park and Garden, Registered Battlefield or Conservation Area.
- 2.9 *Significance* is defined as: The value of a heritage asset to this and future generations because of its heritage interest. This interest may be archaeological, architectural, artistic or historic. Significance derives not only from a heritage asset's physical presence, but also from its setting.
- 2.10 *Setting* is defined as: The surroundings in which a heritage asset is experienced. Its extent is not fixed and may change as the asset and its surroundings evolve. Elements of a setting may make a

positive or negative contribution to the significance of an asset, may affect the ability to appreciate that significance or may be neutral.

- 2.11 In short, government policy provides a framework which:
- Protects nationally important designated Heritage Assets;
 - Protects the settings of such designations;
 - In appropriate circumstances seeks adequate information (from desk-based assessment and field evaluation where necessary) to enable informed decisions;
 - Provides for the excavation and investigation of sites not significant enough to merit in-situ preservation.
- 2.12 The NPPG reiterates that the conservation of heritage assets in a manner appropriate to their significance is a core planning principle, requiring a flexible and thoughtful approach. Furthermore, it highlights that neglect and decay of heritage assets is best addressed through ensuring they remain in active use that is consistent with their conservation. Importantly, the guidance states that if complete, or partial loss of a heritage asset is justified, the aim should then be to capture and record the evidence of the asset's significance and make the interpretation publicly available. Key elements of the guidance relate to assessing harm. An important consideration should be whether the proposed works adversely affect a key element of the heritage asset's special architectural or historic interest. Additionally, it is the degree of harm, rather than the scale of development, that is to be assessed.
- 2.13 The level of 'substantial harm' is considered to be a high bar that may not arise in many cases. Essentially, whether a proposal causes substantial harm will be a judgment for the decision taker, having regard to the circumstances of the case and the NPPF. Importantly, harm may arise from works to the asset or from development within its setting. Setting is defined as the surroundings in which an asset is experienced and may be more extensive than the curtilage. A thorough assessment of the impact of proposals upon setting needs to take into account, and be proportionate to, the significance of the heritage asset and the degree to which proposed changes enhance or detract from that significance and the ability to appreciate it.
- 2.14 In considering any planning application for development, the planning authority will be mindful of the framework set by government policy, in this instance the NPPF, by current Development Plan Policy and by other material considerations.

Regional Planning Policy

The London Plan (The Spatial Development Strategy for London Consolidated with Alterations since 2011) – March 2016

- 2.15 The relevant Strategic Development Plan framework is provided by the London Plan. Policy relevant to archaeology at the Site, includes:

Policy 7.8 Heritage Assets and Archaeology Strategic

London's heritage assets and historic environment, including listed buildings, registered historic parks and gardens and other natural and historic landscapes, conservation areas, World Heritage Sites, Registered Battlefields, Scheduled Monuments, archaeological remains and memorials should be identified, so that the desirability of sustaining and enhancing their significance and of utilising their positive role in place shaping can be taken into account.

Development should incorporate measures that identify, record, interpret, protect and, where appropriate, present the site's archaeology.

Planning Decisions

Development should identify, value, conserve, restore, re-use and incorporate heritage assets, where appropriate.

Development affecting heritage assets and their settings should conserve their significance, by being sympathetic to their form, scale, materials and architectural detail.

New development should make provision for the protection of archaeological resources, landscapes and significant memorials. The physical assets should, where possible, be made available to the public on-site. Where the archaeological asset or memorial cannot be preserved or managed on-site, provision must be made for the investigation, understanding, recording, dissemination and archiving of that asset.

LDF Preparation

Boroughs should, in LDF policies, seek to maintain and enhance the contribution of built, landscaped and buried heritage to London's environmental quality, cultural identity and economy as part of managing London's ability to accommodate change and regeneration.

Boroughs, in consultation with English Heritage, Natural England and other relevant statutory organisations, should include appropriate policies in their LDFs for identifying, protecting, enhancing and improving access to the historic environment and heritage assets and their settings where appropriate, and to archaeological assets, memorials and historic and natural landscape character within their area.

Policy 7.9 Heritage-led Regeneration

Strategic

Regeneration schemes should identify and make use of heritage assets and reinforce the qualities that make them significant so they can help stimulate environmental, economic and community regeneration. This includes buildings, landscape features, views, blue ribbon network and public realm.

Planning Decisions

The significance of heritage assets should be assessed when development is proposed, and schemes designed so that the heritage significance is recognised both in their own right and as catalysts for regeneration. Wherever possible heritage assets (including buildings at risk) should be repaired, restored and put to a suitable and viable use that is consistent with their conservation and the establishment and maintenance of sustainable communities and economic vitality.

2.1 The Draft London Plan (Intend to Publish version dated December 2019) sets out the following;

Policy HC1 Heritage conservation and growth

A Boroughs should, in consultation with Historic England, local communities and other statutory and relevant organisations, develop evidence that demonstrates a clear understanding of London's historic environment. This evidence should be used for identifying, understanding, conserving, and enhancing the historic environment and heritage assets, and improving access to, and interpretation of, the heritage assets, landscapes and archaeology within their area.

B Development Plans and strategies should demonstrate a clear understanding of the historic environment and the heritage values of sites or areas and their

relationship with their surroundings. This knowledge should be used to inform the effective integration of London's heritage in regenerative change by:

- 1) setting out a clear vision that recognises and embeds the role of heritage in place-making
- 2) utilising the heritage significance of a site or area in the planning and design process
- 3) integrating the conservation and enhancement of heritage assets and their settings with innovative and creative contextual architectural responses that contribute to their significance and sense of place
- 4) delivering positive benefits that conserve and enhance the historic environment, as well as contributing to the economic viability, accessibility and environmental quality of a place, and to social wellbeing.

C Development proposals affecting heritage assets, and their settings, should conserve their significance, by being sympathetic to the assets' significance and appreciation within their surroundings. The cumulative impacts of incremental change from development on heritage assets and their settings should also be actively managed. Development proposals should avoid harm and identify enhancement opportunities by integrating heritage considerations early on in the design process.

7.1.1 London's historic environment, represented in its built form, landscape heritage and archaeology, provides a depth of character that benefits the city's economy, culture and quality of life. The built environment, combined with its historic landscapes, provides a unique sense of place, whilst layers of architectural history provide an environment that is of local, national and international value. London's heritage assets and historic environment are irreplaceable and an essential part of what makes London a vibrant and successful city, and their effective management is a fundamental component of achieving good growth. The Mayor will develop a London-wide Heritage Strategy, together with Historic England and other partners, to support the capital's heritage and the delivery of heritage-led growth.

7.1.2 London's diverse range of designated and non-designated heritage assets contributes to its status as a world-class city. Designated assets currently include four World Heritage Sites, over 1,000 conservation areas, 19,000 list entries for historic buildings, 150 registered parks and gardens, 160 scheduled monuments, and one battlefield. Non-designated assets cover an even wider range of features including buildings of local interest, most archaeological remains, canals, docks and waterways, historic hedgerows, ancient woodlands, and ancient and veteran trees

D Development proposals should identify assets of archaeological significance and use this information to avoid harm or minimise it through design and appropriate mitigation. Where applicable, development should make provision for the protection of significant archaeological assets and landscapes. The protection of undesignated heritage assets of archaeological interest equivalent to a scheduled monument should be given equivalent weight to designated heritage assets.

E Where heritage assets have been identified as being At Risk, boroughs should identify specific opportunities for them to contribute to regeneration and place-making, and they should set out strategies for their repair and re-use.

Local Planning Policy

- 2.2 The Development Plan for Tower Hamlets is comprised of the London Plan (produced by the Mayor of London), Local Plan and Neighbourhood Plans (should any be adopted).

Tower Hamlets Local Plan 2031

- 2.3 The Tower Hamlets Local Plan 2031: Managing Growth and Sharing Benefits was adopted by Full Council on 15 January 2020.

- 2.4 Policies relating to the Historic Environment in the 2031 Local Plan include;

Policy SG2: Delivering sustainable growth in Tower Hamlets

1. Development will be supported and is considered to contribute towards delivering the Local Plan vision and objectives and to be sustainable where it:

a. delivers managed growth, through:

i. good design

ii. preserving or enhancing the character and setting of the area, and

iii. not resulting in unacceptable impacts on the natural and historic environment and its assets, transport capacity and infrastructure.

- 2.5 Policy S.DH3: Heritage and the historic environment sets out the following;

1. Proposals must preserve or, where appropriate, enhance the borough's designated and non-designated heritage assets in a manner appropriate to their significance as key and distinctive elements of the borough's 24 places.

2. Proposals to alter, extend or change the use of a heritage asset or proposals that would affect the setting of a heritage asset will only be permitted where:

a. they safeguard the significance of the heritage asset, including its setting, character, fabric or identity

b. they are appropriate in terms of design, height, scale, form, detailing and materials in their local context

c. they enhance or better reveal the significance of assets or their settings

d. they preserve strategic and locally important views and landmarks, as defined in Policy D.DH4, and

e. in the case of a change of use from a use for which the building was originally designed, a thorough assessment of the practicability of retaining its existing use has been carried out outlining the wider public benefits of the proposed alternative use.

3. Applications affecting the significance of a heritage asset will be required to provide sufficient information to demonstrate how the proposal would contribute to the asset's conservation. Any harm to the significance of a heritage asset must be justified having regard to the public benefits of the proposal: whether it has been demonstrated that all reasonable efforts have been made to sustain the existing use, find new uses, or mitigate the extent of the harm to the significance of the asset; and whether the works proposed are the minimum required to secure the long term use of the asset. Factors that will be considered can include:

a. The significance of the asset, architecturally, historically and contextually

b. The adequacy of efforts made to retain the asset in use, and

c. The merits of any alternative proposal for the site.

4. Substantial harm to or the total loss of significance of a designated heritage asset will only be supported where it is necessary to achieve substantial public benefits that outweigh that harm or loss, or the following criteria can be satisfied:

- a. The nature of the heritage asset prevents all reasonable uses of the site
 - b. No viable use of the heritage asset itself can be found in the medium term through appropriate marketing that will enable its conservation
 - c. Conservation by grant-funding or some form of charitable or public ownership is demonstrably not possible
 - d. The harm or loss is outweighed by the benefit of bringing the site back into use.
5. Alterations, extensions or changes of use, or development in the vicinity of listed buildings (as shown on the Policies Map) will be expected to have no adverse impact on those elements which contribute to their special architectural or historic interest, including their settings.
 6. Significant weight will be given to the protection and enhancement of the borough's conservation areas (as shown on the Policies Map), including their setting. Development within a conservation area will be expected to preserve or, where appropriate, enhance those elements which contribute to their special character or appearance. There will be a presumption in favour of the retention of unlisted buildings that make a positive contribution to the character and appearance of a conservation area. Planning applications should explore opportunities from new development within conservation areas and their setting to enhance or better reveal their significance.
 7. Significant weight will be given to the protection and enhancement of scheduled monuments (as shown on the Policies Map) and other archaeological sites of equivalent importance. Any harm to their significance must be justified having regard to the public benefits of the proposal: whether it has been demonstrated that all reasonable efforts have been made to mitigate the extent of the harm to the significance of the asset; and whether the works proposed are the minimum required to sustain the asset.
 8. Applications affecting the significance of the archaeology will be required to provide sufficient information to demonstrate how the proposal would contribute to the asset's conservation. Where the development includes or has the potential to include heritage assets with archaeological interest, an appropriate desk-based assessment and, where necessary, field evaluation will be required. Where harm can be fully justified, we will require archaeological excavation and/or recording as appropriate, followed by analysis and publication of the results.
 9. Development that lies in or adjacent to archaeological priority areas (as shown on the Policies Map) will be required to include an archaeological evaluation report and will require any nationally important remains to be preserved permanently in situ, subject to consultation with Historic England.
 10. We will seek to ensure the protection and appropriate enhancement of the borough's historic parks and gardens (as shown on the Policies Map). Development proposals should therefore safeguard those features which form an integral part of the special character or appearance of the park or garden and ensure they do not detract from the enjoyment, layout, design, character, appearance or setting of the park or garden, key views into and out of the park, or prejudice its future restoration. Where development is likely to affect a historic park and garden or its setting, applications should include a heritage impact assessment setting out the likely impact which it would have upon its significance and the means by which any harm might be mitigated.

Tower Hamlets Conservation Strategy (October 2010)

2.6 The Conservation Strategy aims to guide decision-making for Tower Hamlets' heritage over the next 5-10 years. It sets out the long-term vision for the heritage.

2.7 The Strategy Goals set out in this document are as follows;

- Understanding the Significance of the Heritage
- Increasing Community Pride, Ownership and Involvement in Heritage to Promote Community Cohesion
- Ensuring Effective Governance and Management of the Heritage
- Increasing the Heritage's Contribution to Regeneration
- Improving the Condition of the Heritage
- Ensuring Effective Protection of the Heritage.

Greater London Archaeological Priority Area Guidelines (Historic England 2016a)

2.8 This document produced by Historic England, Greater London Archaeology Advisory Service (Archaeological Advisers to the London Borough of Tower Hamlets) provides the definition of an Archaeological Priority Area (APA) as;

... a defined area where, according to existing information, there is significant known archaeological interest or particular potential for new discoveries.

2.9 In setting out four "Tiers" of APA the following is provided;

Tier 1 This is a defined area which is known, or strongly suspected, to contain a heritage asset of national significance (a scheduled monument or equivalent); or is otherwise of very high archaeological sensitivity.

Tier 2 Used for a local area within which the GLHER holds specific evidence indicating the presence or likely presence of heritage assets of archaeological interest. Planning decisions are expected to make a balanced judgement for non-designated assets considered of less than national importance considering the scale of any harm and the significance of the asset (NPPF 135).

Tier 3 This is a landscape scale zone within which the GLHER holds evidence indicating the potential for heritage assets of archaeological interest. The definition of Tier 3 APAs involves using the GLHER to predict the likelihood that currently unidentified heritage assets, particularly sites of historic and archaeological interest, will be discovered in the future (NPPF 169).

Tier 4 (outside APA) is any location that does not, on present evidence, merit inclusion within an Archaeological Priority Area. However, Tier 4 areas are not necessarily devoid of archaeological interest and may retain some potential unless they can be shown to have been heavily disturbed in modern times.

2.10 The Guidelines state;

It is expected that as a minimum all major applications within Archaeological Priority Areas (Tiers 1-3) would trigger an archaeological desk-based assessment, and if necessary, a field evaluation, to accompany a planning application.

ARCHAEOLOGICAL DESK BASED ASSESSMENT

In the more sensitive Tier 1 and 2 areas this procedure would also apply to some smaller-scale developments. Outside Archaeological Priority Areas (that is in Tier 4) most planning applications will not need an archaeological assessment but a few will.

3 GEOLOGY AND TOPOGRAPHY

Geology

- 3.1 The underlying bedrock geology is mapped by the British Geological Survey (BGS Online 2020) as London Clay Formation (Clay and Silt) forming the London Basin. London Clay is a sedimentary bedrock formed approximately 48 to 56 million years ago.
- 3.2 Superficial deposits are described as Taplow Gravel Member - Sand and Gravel, formed up to 2 million years ago in the Quaternary Period.
- 3.3 Site-specific geotechnical information is not available.
- 3.4 Geotechnical investigations were carried out at 723-727 Commercial Road (to the immediate north of the Site). These indicated Made Ground to between 2m and 4.10m BGL across the western parts of the site and within the eastern part of the study site and to the south of 723 Commercial Road, Made Ground was identified to between 1.10m and 1.70m BGL. Beneath the Made Ground the investigations identified river terrace sands and gravels (Dicks, 2008).

Topography

- 3.5 Topographical survey shows the surface of Commercial Road, to the north of the Site at circa 8.80m OD with Mill Place, to the south, at circa 8.30m OD.
- 3.6 Existing Ground Floor is shown at the Site at circa 8.90m OD with the Basement Floor at circa 6.40m OD.

4 ARCHAEOLOGICAL / HISTORICAL BACKGROUND WITH ASSESSMENT OF SIGNIFICANCE

Timescales used in this report

Prehistoric

Palaeolithic	900,000 -	12,000 BC
Mesolithic	12,000 -	4,000 BC
Neolithic	4,000 -	1,800 BC
Bronze Age	1,800 -	600 BC
Iron Age	600 -	AD 43

Historic

Roman	AD 43 -	410
Saxon/Early Medieval	AD 410 -	1066
Medieval	AD 1066 -	1485
Post Medieval	AD 1486 -	1799
Modern	AD 1800 -	Present

Introduction

- 4.1 This chapter reviews the available archaeological evidence for the Site and the archaeological/historical background of the general area, and, in accordance with NPPF, considers the potential for any as yet to be discovered archaeological evidence on the Site.
- 4.2 What follows comprises a review of known archaeological assets within a 600m radius of the Site (Figures 2a to 2c) held on the Greater London Historic Environment Record (GLHER - © Historic England 2020. © Crown Copyright and database right 2020. All rights reserved. Ordnance Survey Licence number 100024900.- GLHER Report 15580 S De Paul House TQ 36501 81083 600m radius search) together with a historic map regression exercise charting the development of the study area from the C18th until the present day.
- 4.3 Chapter 5 subsequently considers the site conditions and whether the proposed development will impact the theoretical archaeological potential identified below.
- 4.4 Archaeological Priority Areas (APAs) within the London Boroughs are categorised, by Historic England, according to their archaeological potential and significance into Tiers, with Tier 1 being most significant. Tier 1 APAs comprise heritage assets of national significance (i.e. a Scheduled Monument or equivalent); Tier 2 APAs indicate the presence or likely presence of heritage assets of archaeological interest, while Tier 3 APAs refer to landscape zones of archaeological interest (Historic England 2016).
- 4.5 In terms of nationally significant designated heritage assets, as defined above, no World Heritage Sites, Scheduled Monuments, Historic Battlefield or Historic Wreck sites lie on, or within the vicinity of, the Site.
- 4.6 In terms of relevant local designations, the Site lies within the Limehouse, Tier 2 Archaeological Priority Area (APA). This designation suggests the presence or likely presence of heritage assets of archaeological interest.
- 4.7 The description provided, in the GLHER data, for the Limehouse APA is as follows;

Summary and Definition

The Limehouse APA lies along the Thames between Butcher Row and West India Dock Road and Westferry Road, its northern boundary is just to the north of Commercial Road. It encompasses the historic settlement of Limehouse as well as Limehouse Dock and Limehouse DLR. It is classified as a Tier 2 APA for its potential to contain remains of the commercial and industrial development of Limehouse as well as proposed Roman activity.

Description

During the Roman period, the Limehouse area was located c. 2.5km east of the Roman settlement of Londinium and c. 1.5km from the Roman bathhouse at Shadwell (see APA1.04). The Highway, an east-west orientated Roman road possibly passed through the Limehouse area and it should not be discounted that Roman roadside activity may exist.

Aside from residual material found along the Limehouse shoreline there is a lack of evidence for activity during the Saxon period, whilst in addition Limehouse was not recorded in the Domesday Survey of 1086. Limehouse is first recorded in 1367 as 'le Lymostes', a name derived from the lime kilns which had been established at Limekiln Dock by 1363. The character of Limehouse during the medieval period was determined by its growth as a riverside strip development with commerce focused around maritime trade.

The foreshore between Narrow Street and the River Thames was reclaimed in the late 16th century, with wharves constructed during the late 16th and early 17th century. Archaeological investigations in the area have revealed evidence of post medieval buildings and foreshore development, which include in situ evidence of revetments, wharf deposits and ship fitting. The commercial and industrial nature of the area during the post medieval period is well attested and remains evident in many of the street names which survive today.

During the 1740s, the Limehouse porcelain factory on Narrow Street produced some of the first porcelain in England which became known as Limehouse ware. Waterways connecting the River Thames with Regent's Canal Lock were constructed in the 19th century. One of London's early immigrant populations settled the area from China during this time and may have left archaeological traces.

Sources indicate that Limehouse suffered considerable damage during World War Two bombing raids with the central-east section of the APA being particularly affected. As a consequence of the damage the modern street pattern in this area owes little to the preceding post medieval streetscape. Limehouse Link was constructed during the latter part of the 20th century and despite bypassing the core of the Limehouse APA, the eastern extent will have been disturbed during the construction of the tunnel.

Significance

The Limehouse APA offers much archaeological potential, particularly with regards to the presence of in situ archaeological remains of medieval and post medieval date and industrial archaeology from the 19th century. Specifically, remains of maritime services and wharves, pottery manufacture and evidence of early modern immigration may be expected.

Previous Archaeological Work

- 4.8 No archaeological work has taken place on the Site. The GLHER (Figure 2b) shows an "Event" (desk-based assessment) having taken place on the site but this is an incorrect location and should be on the north side of Commercial Road.

4.9 Archaeological work conducted in the 600m Search Radius is shown on Figure 2b. This provides the following information.

Prehistoric

4.10 Very little evidence of prehistoric activity is recorded in the GLHER data and it is considered likely that the site was under water / within a tidal flood-plain within this period.

4.11 Artefactual evidence of prehistoric activity is provided by the recovery of a flint blade from excavations at the junction of Cable Street and Butcher Row although the date of the blade was not established (Schwab & Nurse, 1977, 219). Neolithic and Bronze Age flint artefacts, including a hand axe, were also recovered from prehistoric peat deposits during archaeological work on the Limehouse Link road scheme (GLHER 082202).

4.12 On the basis of the available archaeological and topographic information, a Low potential can be identified for the prehistoric periods within the Site itself.

4.13 As such the Prehistoric potential of the Site is considered to be Low.

Roman

4.14 Black (1977) suggests that there may have been a Roman settlement at Ratcliffe (to the southwest of the site – GLHER MLO3902). Redeposited Roman pottery was recorded but no structures were excavated at the junction of Cable Street and Butcher Row (Schwab & Nurse, 1977).

4.15 It is suggested that The Highway c.500m southwest of the site followed the alignment of a Roman road (MLO3879). Archaeological excavations for the Limehouse Link Road Scheme at the southern end of Branch Road c. 300m southeast of the study site recorded Roman pottery and possible linear features (MLO22776).

4.16 In view of this paucity, a generally Low archaeological potential can be identified for the Roman period within the Site.

Anglo Saxon & Medieval

4.17 No finds of Anglo-Saxon date have been identified within the GLHER Search Area.

4.18 Roads thought to have existed during the Medieval period include the line of Commercial Road along the northern boundary of the site (MLO9223) and Salmon Lane to the east of the site (MLO9252).

4.19 It is considered that the the Site has Low potential for the survival of Anglo Saxon & Medieval archaeological deposits.

Post Medieval & Modern (including map regression)

4.20 Early maps show the Site to lie within an area used for agriculture. The Gascoyne Survey of 1703 (Figure 3) and Rocque map of 1745 (Figure 4) shows the Site in open fields with development not shown on the vicinity of the Site until Horwood's map of 1799-819 (Figure 6).

4.21 Stanford's map of 1862 shows the Site to have been developed (Figure 7) with the 1875 Ordnance Survey map providing more details of the development footprint. The larger of the buildings – on the eastern side of the site – has the word 'Chapel' marking its function. Mogg (1841) suggests that this is the site of Coverdale Congregational Chapel, a Dissenters Meeting House. There is no indication in the mapping, of a burial ground associated with the Chapel.

ARCHAEOLOGICAL DESK BASED ASSESSMENT

- 4.22 Ordnance Survey mapping from 1969 (Figure 12) shows the Chapel as having been replaced by the building currently occupying the entire Site. The foundation types used for the existing building are not known.
- 4.23 The World War II Bomb Damage Map (Saunders 2005) shows a V1 Bomb Strike to the north of the Site.
- 4.24 GLHER entries within the immediate vicinity of the Site reflect the post-medieval development of the area although archaeological evaluation has produced very limited results.
- 4.25 GLHER (ELO20485, 767-785 Commercial Road) to the north-east of the site, details archaeological evaluation which recorded natural sandy gravels at 6.88m OD in Trench 1 and 3.59m OD in Trench 2. Post-medieval made ground deposits were found to overlie the natural and these were overlain by the remains of post-medieval buildings, dating to the mid to late C19th. Above these remains were modern backfill and levelling.
- 4.26 At St Anne's Church, Commercial Road (ELO10999), to the east of the Site, archaeological watching brief revealed deposits of C19th & C20th date. No graves or human bone were encountered.
- 4.27 At 6-10 Butcher Row, 400m to the west of the Site archaeological evaluation (ELO13545) revealed a number of post medieval ground raising dumps, which were cut by several walls, cellars and brick soakaways of C18th and C19th date. One wall appears to be part of a large C18th building. Another is thought to be a foundation of an 'Infant school' marked on a map of 1870.
- 4.28 Although the current building has a basement, this appears to not cover the entire footprint of the Site. As such it is currently considered that the Site has Low to Moderate potential for the survival of Post-Medieval archaeological deposits.

Assessment of Significance (Designated Assets)

- 4.29 Existing national policy guidance for archaeology (the NPPF as referenced in Section 2) enshrines the concept of the 'significance' of heritage assets. Significance as defined in the NPPF centres on the value of an archaeological or historic asset for its 'heritage interest' to this or future generations.
- 4.30 In terms of relevant designated archaeological assets, no World Heritage Sites, Scheduled Monuments, Registered Parks and Gardens, Historic Battlefield, or Historic Wreck Sites occur within or in close proximity to the Site.

Assessment of Significance (Non-Designated Assets)

- 4.31 As identified by desk-based work, archaeological potential by period and the likely significance of any archaeological remains which may be present is summarised in table form below:

Period:	Identified Archaeological Potential	Identified Archaeological Significance (if recorded)
Paleoenvironmental	Low	Low (Local)
Prehistoric	Low	Low (Local)
Roman	Low	Low (Local)
Anglo-Saxon	Low	Low (Local)
Medieval	Low	Low (Local)
Post Medieval	Low to Moderate	Low (Local)

5 SITE CONDITIONS / PROPOSED DEVELOPMENT & REVIEW OF POTENTIAL DEVELOPMENT IMPACTS ON ARCHAEOLOGICAL ASSETS

Site Conditions

- 5.1 The subject of this assessment is De Paul House, 628-634 Commercial Road, London E14 () in the London Borough of Tower Hamlets.
- 5.2 The Site is located on the south side of Commercial Road (A13), between Mill Place to the west and Island Row to the east.
- 5.3 The existing building, occupying the entire site, is of red brick construction, in a square layout with central courtyard. The building is three-storeys high at the front facing Commercial Street, stepping down to two-storeys at the rear with a small basement (Figure 13). The foundation types for the existing building – and therefore the impacts to / truncation on potential archaeological deposits - are not known. However, it can be expected that the construction of a three-storey building, in the 1960's, will have resulted in the fragmentation of any archaeological deposits and remains that may have been present on the Site.

Proposed Development

- 5.4 The proposed development (Figure 14 and 15) is for the demolition of existing building and erection of a building of up to five-storeys and two set back floors plus a lower ground floor to provide 109 rooms for short-term hostel and HMO accommodation.

Review of Potential Development Impacts on Designated and Non-Designated Archaeological Assets

- 5.5 In terms of relevant designated heritage assets, no World Heritage Sites, Scheduled Monuments, Registered Parks and Gardens, Historic Battlefield, or Historic Wreck Sites occur within or in close proximity to the Site.
- 5.6 The proposed development will not have an impact on any designated archaeological assets.
- 5.7 The Site is situated within the Tier 2 Archaeological Priority Area (DLO37838 – Limehouse).

6 SUMMARY AND CONCLUSIONS

- 6.1 The Site has been assessed for its below ground archaeological potential.
- 6.2 The Site is situated within the Tier 2 Archaeological Priority Area (DLO37838 - Limehouse) and is occupied by a building of three-storeys. The footprint of the existing building covers the entire site.
- 6.3 Site-specific geotechnical information is not available.
- 6.4 On the basis of the available archaeological and topographic information, a Low potential can be identified for prehistoric archaeology on the Site.
- 6.5 A Low archaeological potential can be identified for the Roman period with a Low potential for the survival of Anglo Saxon and Medieval deposits.
- 6.6 GLHER entries within the immediate vicinity of the site reflect the post-medieval development of the area although archaeological evaluation has produced very limited results. Cartographic evidence points to the presence of a Dissenters Meeting House / Chapel on the site from the late C19th.
- 6.7 The foundation types for the existing building – constructed in the 1960's - and therefore the impacts to / truncation on potential archaeological deposits - are not known. However, it can be expected that the construction of a three-storey building, with a basement, in the 1960's, will have resulted in the fragmentation of any archaeological deposits and remains that may have been present on the Site.
- 6.8 Historic England 2016 guidance on Greater London Archaeological Priority Areas sets out that;
- It is expected that as a minimum all major applications within Archaeological Priority Areas (Tiers 1-3) would trigger an archaeological desk-based assessment, and if necessary, a field evaluation, to accompany a planning application.
- 6.9 The Site covers a small area but the Historic England “Archaeological Risk model” describes the site as a Medium risk due to works associated with the construction of a larger basement <https://historicengland.org.uk/services-skills/our-planning-services/greater-london-archaeology-advisory-service/greater-london-archaeological-priority-areas/>.
- 6.10 Due to the risk identified in the Historic England “Archaeological Risk model” it is considered that if the LPA and their Archaeological Advisers have any further archaeological requirements, these can be secured by the placing of an appropriately worded condition on any planning consent. The presence of the existing building and basement, across the entire footprint of the Site, means that any required site works could only take place post-planning consent.

Sources Consulted

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Greater London Historic Environment Record
London Metropolitan Archives
The National Archive

Internet

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Historic England: Greater London Archaeological Priority Areas - <https://historicengland.org.uk/services-skills/our-planning-services/greater-london-archaeology-advisory-service/greater-london-archaeological-priority-areas/>
Portable Antiquities Scheme – www.finds.org.uk

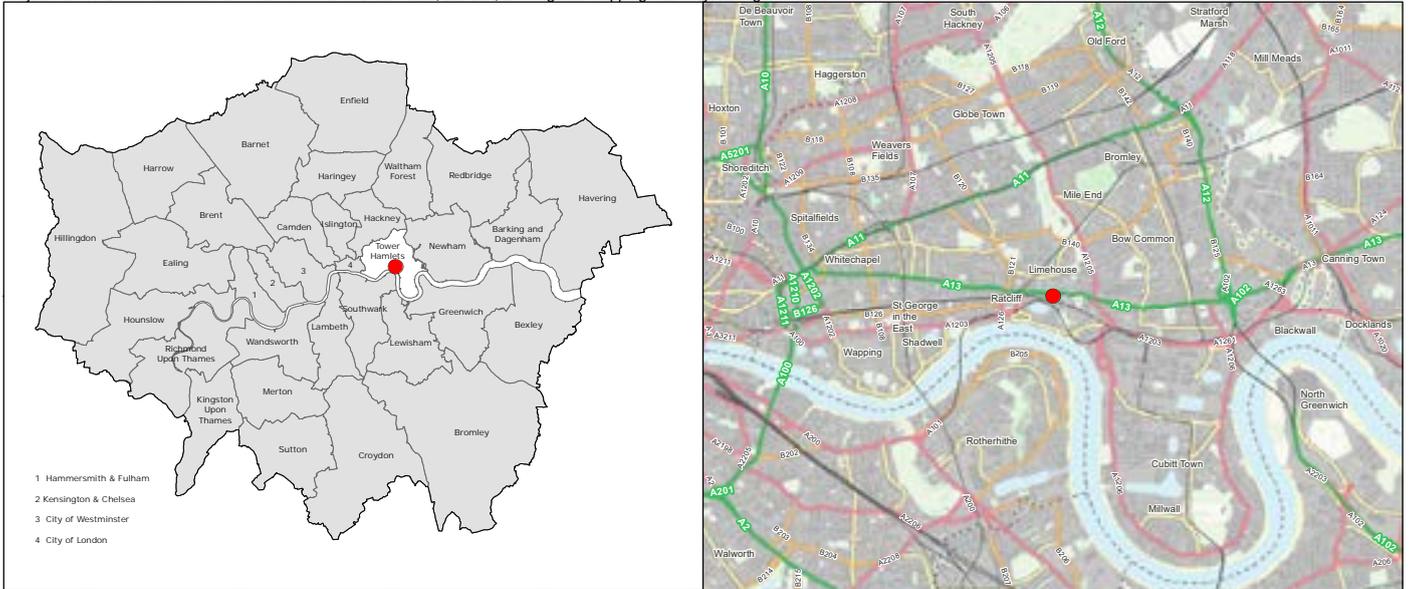
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ARCHAEOLOGICAL DESK BASED ASSESSMENT

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Figures



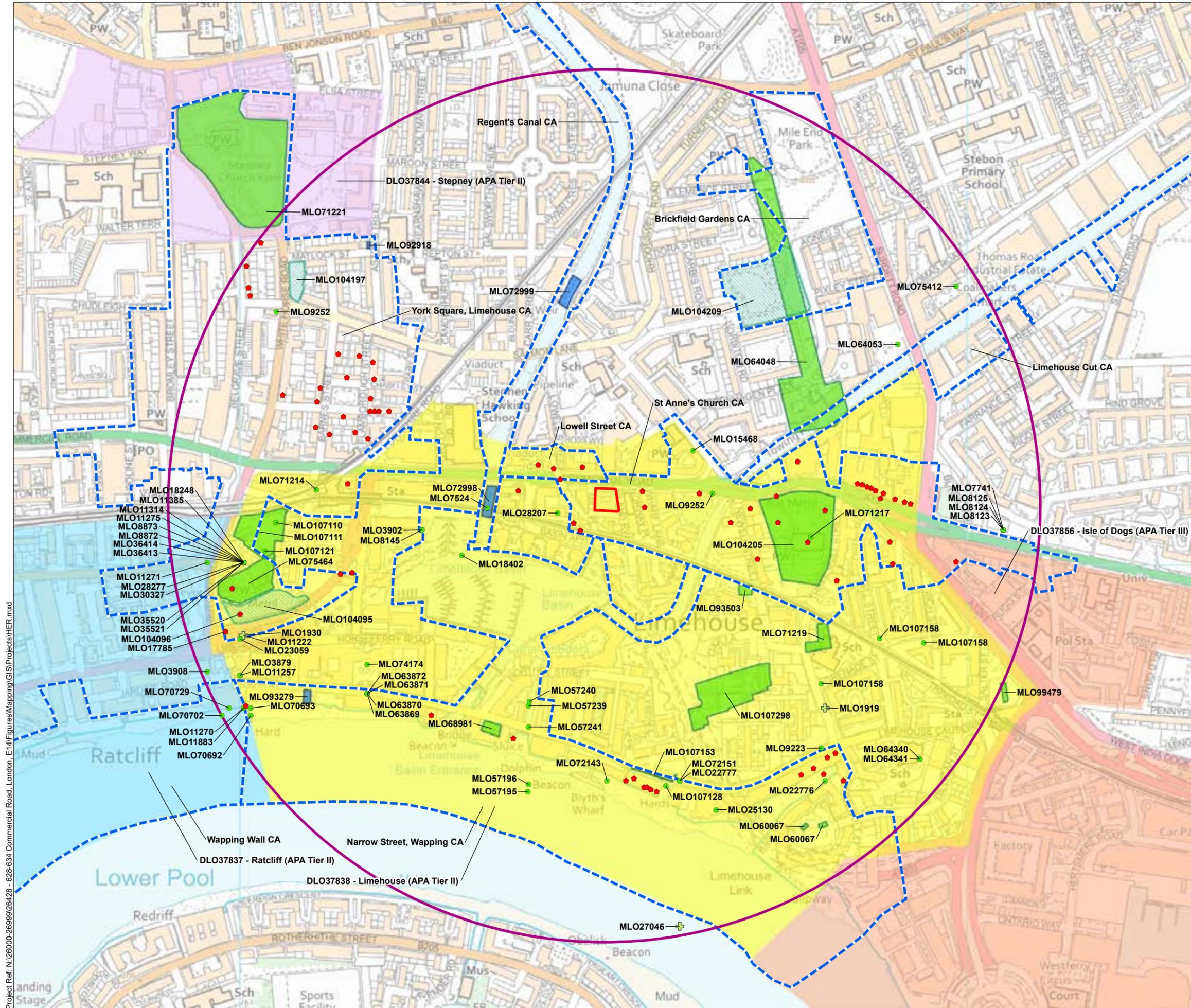
 Site Boundary



0 50 100m
Scale at A4: 1:5,000



Figure 1
Site Location



Legend

- Site Boundary
- Search Radius 600m
- Designated Heritage Assets:**
- Listed Building
- Conservation Area
- Non-designated Heritage Assets:**
- Archaeological Priority Area**
- Tier II**
- DLO37837, Ratcliff
- DLO37838, Limehouse
- DLO37844, Stepney
- Tier III**
- DLO37856, Isle of Dogs
- HER Record (Point)**
- + Find Spot
- Monument
- HER Record (Polygon)**
- Monument
- Park
- Building

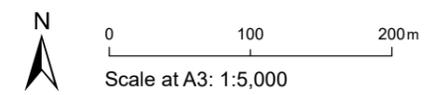
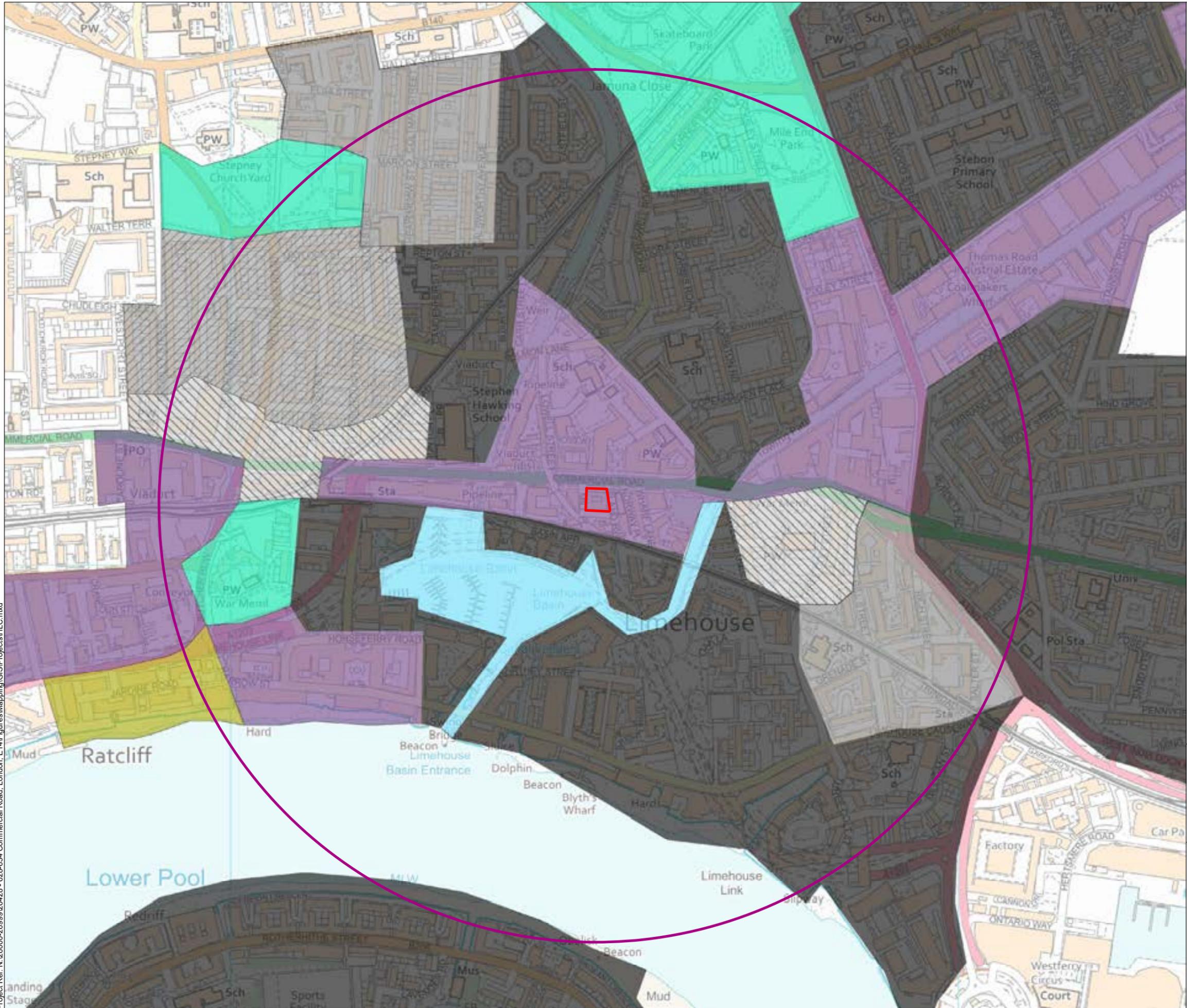


Figure 2a
HER Data Plot

Project Ref: N:\26000-26999\26428 - 628-634 Commercial Road, London, E14\Figures\Maping\GIS\Project\GISHER.mxd



Legend

- Site Boundary
- Search Radius 600m

Non-designated Heritage Assets:

- Commercial
- Industry
- Public Open Space
- Georgian residential
- Inter-war suburbs
- 1945-2006 housing
- Settlement Core
- Water Bodies

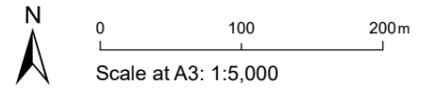


Figure 2c

Historic Landscape Characterisation



 Approximate Site Location



0 20 40 60m
Scale at A4: 1:2,000 approx.



Figure 3

1703 Gascoyne



 Approximate Site Location



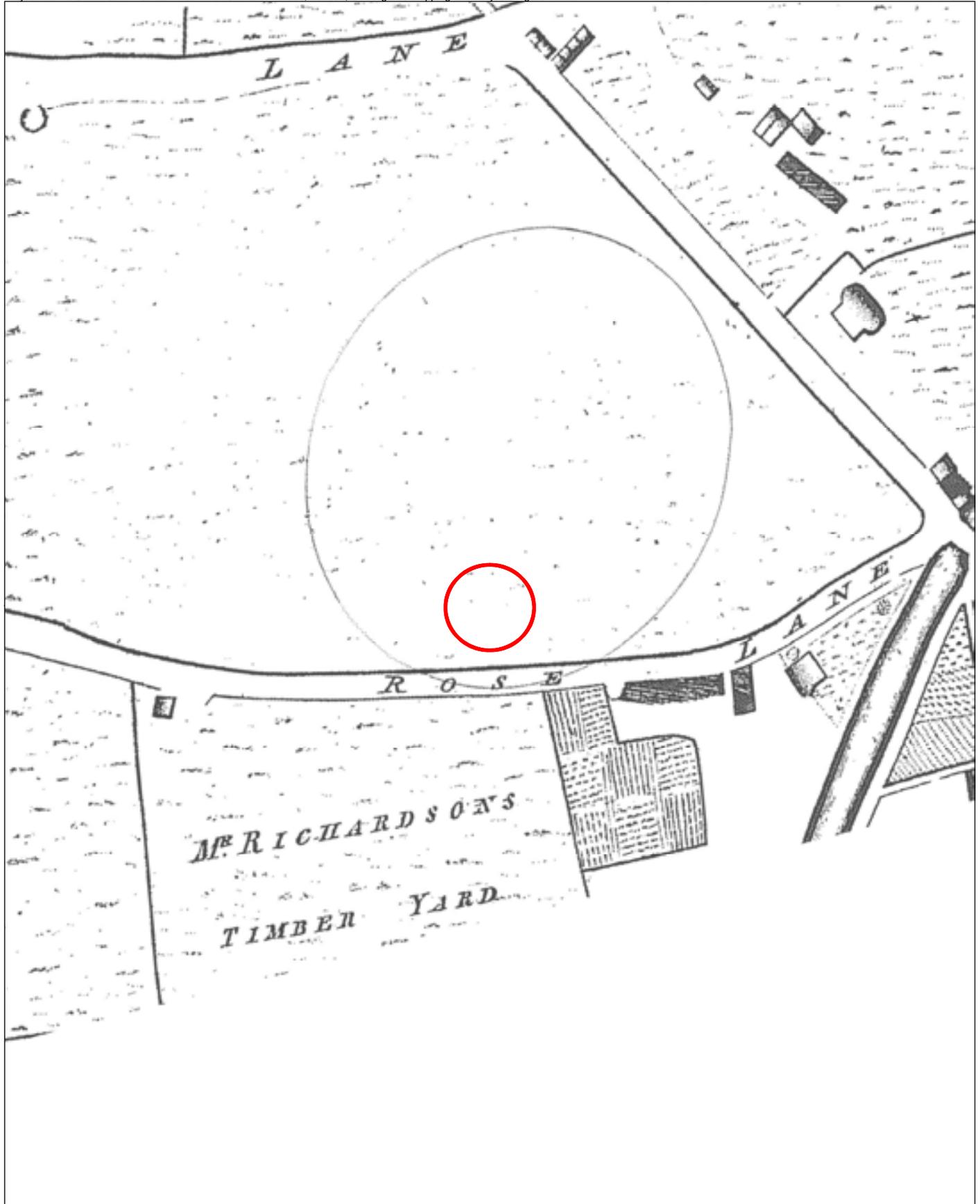
0 30 60 90m

Scale at A4: 1:3,500 approx.



Figure 4

1745 Rocque



 Approximate Site Location

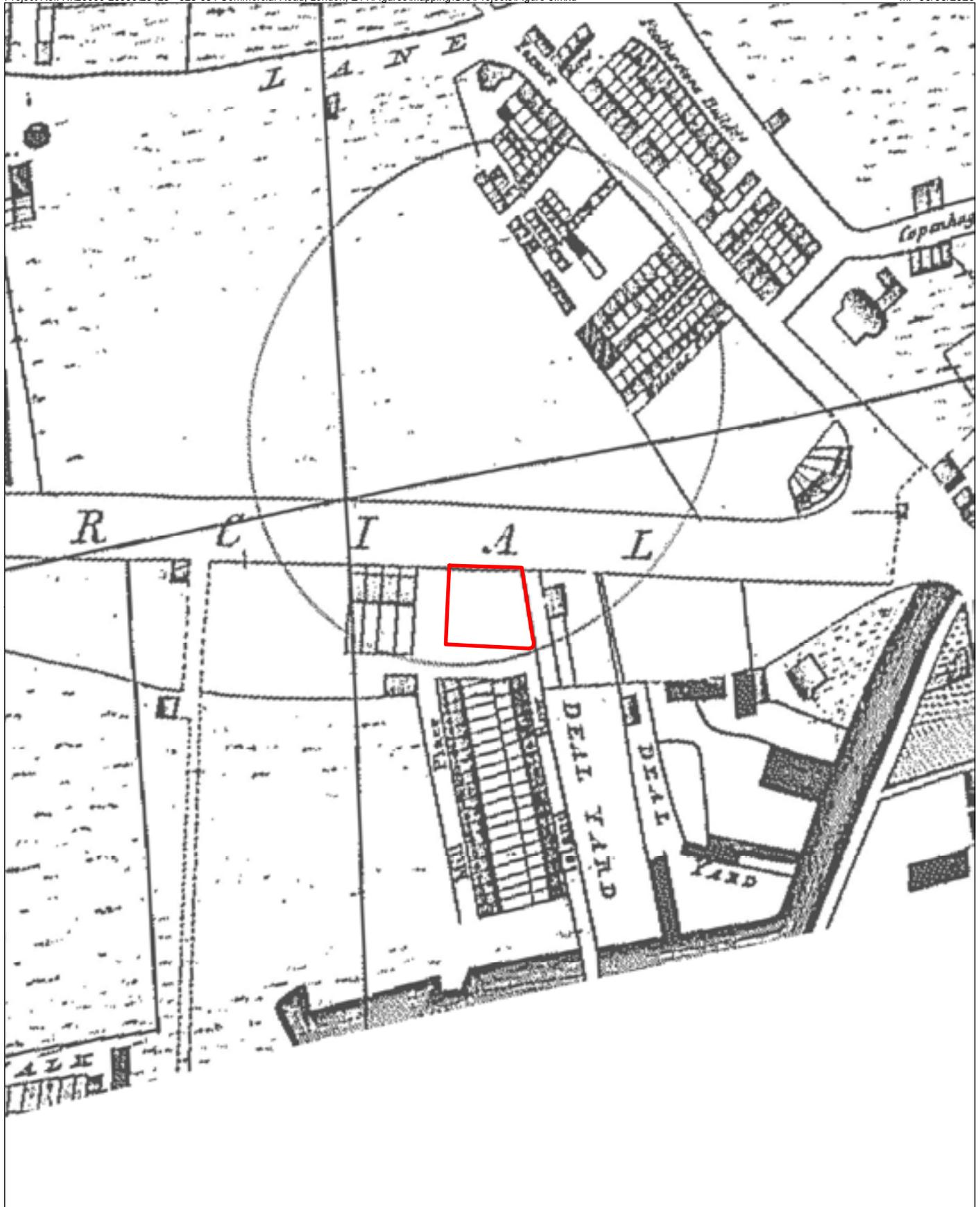


0 20 40 60m
Scale at A4: 1:2,000 approx.



Figure 5

1792-99 Horwood



 Approximate Site Location



0 20 40 60m
Scale at A4: 1:2,000 approx.



Figure 6

1799-1819 Horwood



 Approximate Site Location



0 20 40 60m
Scale at A4: 1:2,000 approx.



Figure 7

1862 Stanford



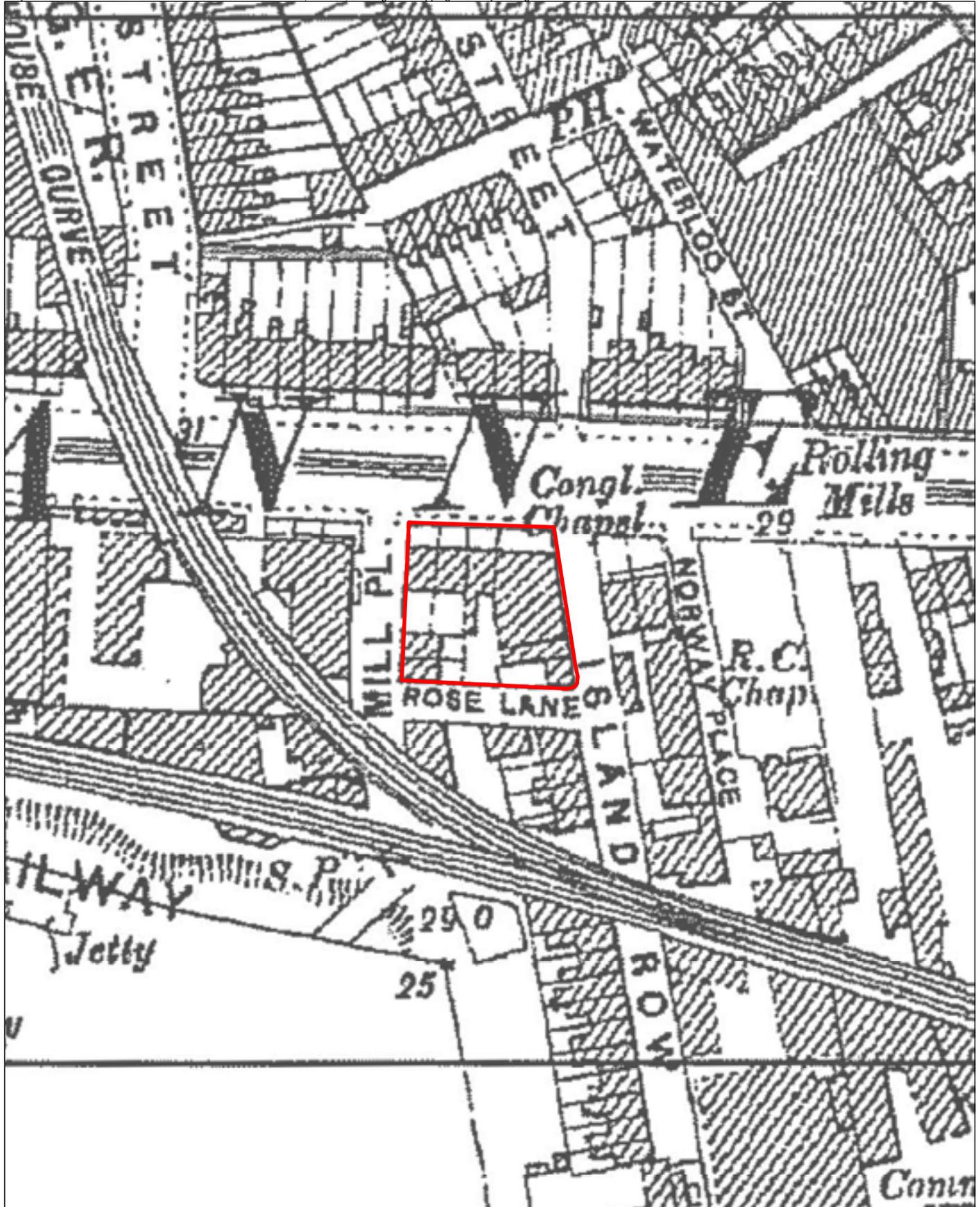
 Site Boundary



0 10 20 30m
Scale at A4: 1:1,000



Figure 8
1875 OS



 Site Boundary

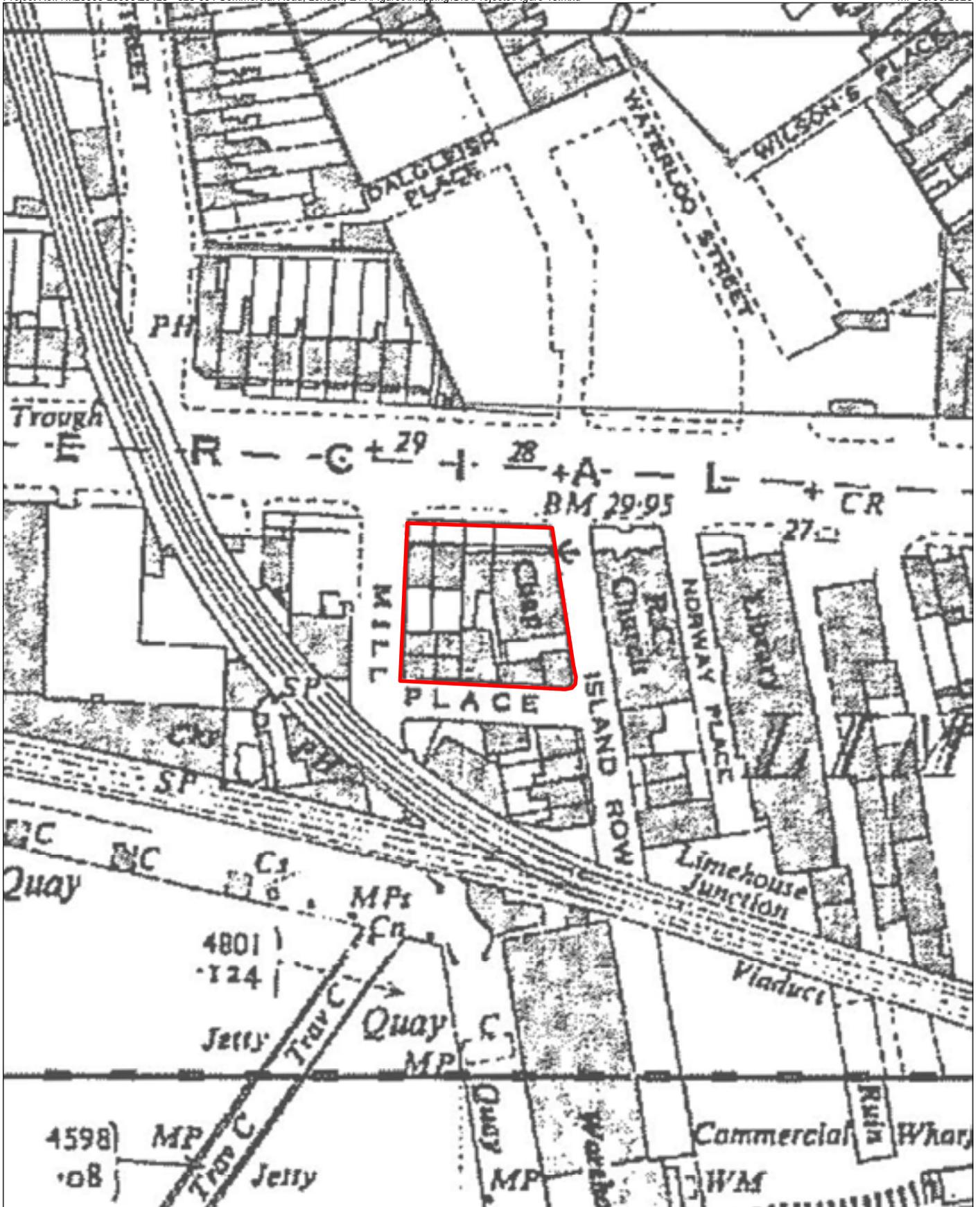


0 10 20 30m
Scale at A4: 1:1,000



Figure 9

1896 OS



 Site Boundary



0 10 20 30m
Scale at A4: 1:1,000



Figure 10
1947-51 OS



 Site Boundary

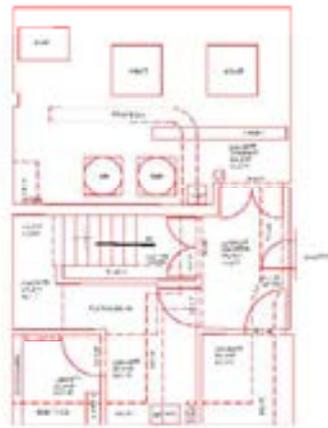
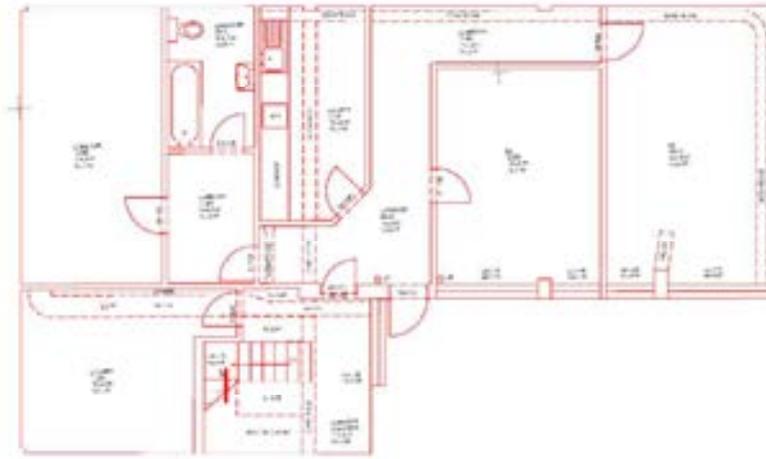


0 10 20 30m
Scale at A4: 1:1,000



Figure 11

1961 OS



 Site Boundary



Not to Scale - Illustrative Only



Figure 13

Existing Basement



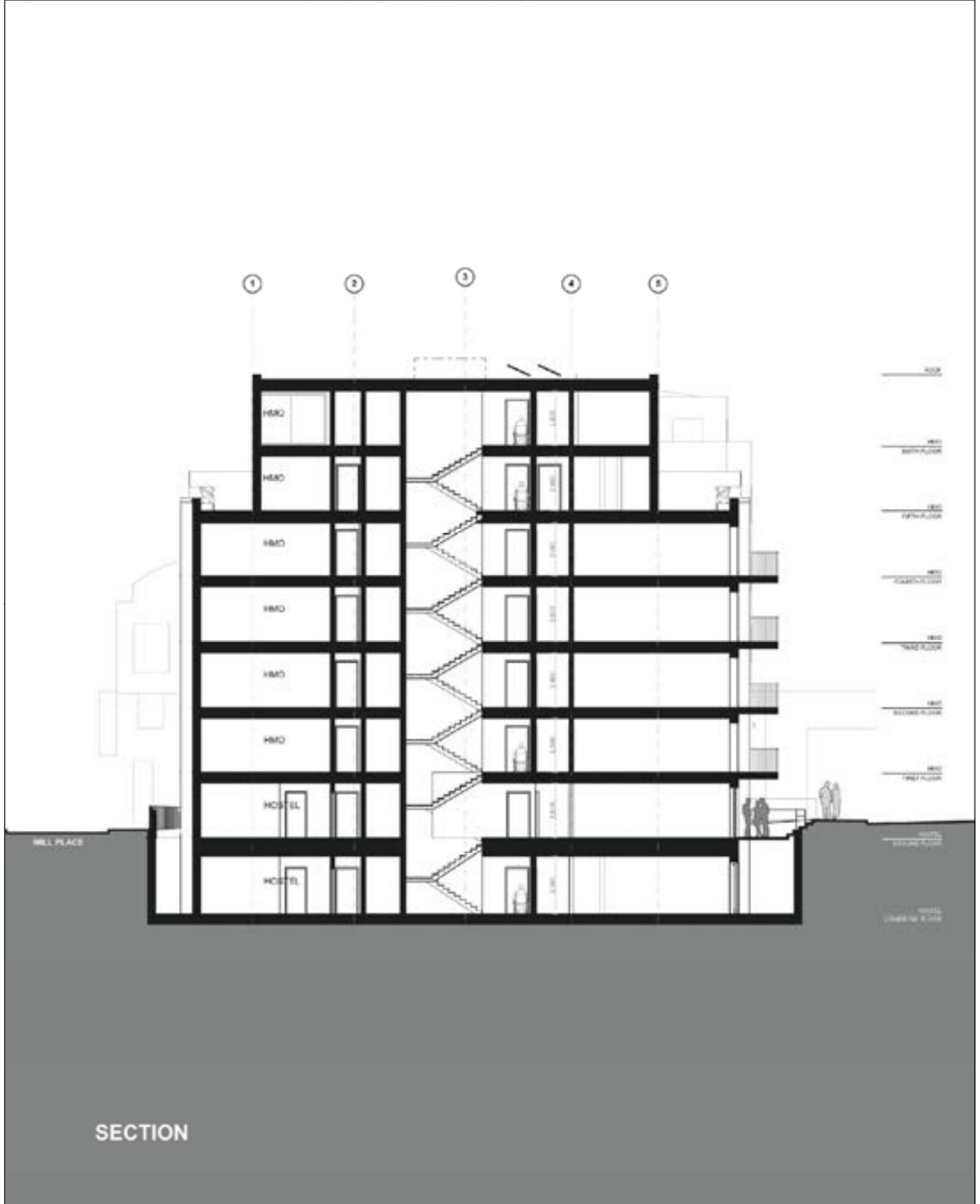
Site Boundary



Not to Scale - Illustrative Only



Figure 14
Proposed Development



 Site Boundary



Not to Scale - Illustrative Only



Figure 15

Proposed Development - section



rpsgroup.com

Appendix 7

TRANSPORT NOTE

Panda House, 628-634 Commercial Road

Rebuttal Note: Development Committee Report

Introduction

1. The 12th March Development Committee report prepared by the planning case officer to describe the scheme proposals raised several transport related issues / concerns. These points have been individually addressed within this note.
2. An extract of the issues raised in the committee report is provided in blue text in the sections below, followed by the responses addressing the issues.

Comments raised under the heading - LBTH Parking Services

5.32: The removal of one of the three bays to introduce a loading bay of 8m (to operate 24 hrs for deliveries and waste collection) on Island Row can be accepted as the developer would provide an off-street disabled parking space. The other two resident parking spaces on Island Row including the existing disabled space should be retained in their original positions.

5.33: The removal of the parking bay on Mill Place (southern section) may cause issues to the egress for vehicles from the yard on the south side. The extension of the parking bay on Mill Place (western section) may cause further constriction for swept paths and possible turning issues to the off-street car park entrance nearest Commercial Road. It is recommended to keep this section as it is at present.

5.34: It is not clear how refuse would be collected with a parking bay between the refuse lift. The proposed development would require all the current yellow lines surrounding the site to be converted to double yellow lines.

Response to paras 5.32 – 5.34

3. The existing hostel and other commercial developments along Mill Place and Island Row have deliveries and refuse collected on-street from the kerbside. The proposed changes to the on-street parking provisions will not adversely impact on existing servicing arrangements and does not result in a net change to the total on-street parking provision.
4. The proposed rearrangement of parking bays on Island Row and Mill Place allows for a 9m refuse vehicle to circulate the roads, as shown in drawing 31134/AC/004 within the Transport Assessment. The swept path is tight reflecting the existing narrow width of these roads, however the changes to the on-street parking arrangements do not adversely impact on the swept path movements.
5. The parking bay on the southern section of Mill Lane is proposed to be moved approx. 5m to the west and a concern has been raised regarding the possible impact on vehicles exiting the yard on the southern side of the road. The yard is relatively small and so is

unlikely to be accessed by large lorries, however the movement of vans in and out will not be impeded by the proposal.

6. The parking bay on the western section of Mill Lane has been extended to create an additional parking space and a concern has been raised that the off-street car park accesses on the western side will be impacted. However, this is not expected to be the case since parking bays are currently located opposite both of the existing car park accesses.
7. The parking bays along Island Row will not impede the proposed refuse collection strategy. The bins can be pulled less than 10m to the area where a refuse vehicle would wait, as shown in drawing 31134/AC/004.
8. The LBTH suggestion to convert single yellow line waiting restrictions to double yellow line waiting restrictions is welcomed, since this is likely to reduce the level of illegal parking throughout the day.

Comments raised under the heading - LBTH Transportation & Highways

5.35: In the past, on street servicing has been agreed and on some occasions objected to. Servicing can only take place in areas where legally permitted and the area proposed is subject to waiting and loading restrictions currently which prevents loading at certain times. The applicant has not covered this in their strategy. The applicant has no jurisdiction over the use of public highway which in terms of service use can be used by anybody legally loading / unloading where allowed and so space may not be available for vehicles servicing this development. There are also concerns over the 9m refuse vehicles accessing the site and causing a potential safety issue by overhanging the footway.

Response to para 5.35

9. The development proposals include waiting restriction at the northern end of Island Row which prohibits parking at all times, whilst still facilitating loading activities. This area will be available for deliveries to the proposed development which is expected to receive some 2-3 deliveries per day on average, whilst also being available to use for deliveries to neighbouring properties alongside Mill Place. The low servicing demand of the proposed development is unlikely to be affected by the use of the kerbside area for servicing activities associated with neighbouring properties. With a delivery vehicle parked alongside the development on Island Row, other vehicles will still be able to pass the stationary vehicle to access Commercial Road. The proposed servicing strategy is set out in the Delivery and Servicing Management Plan, submitted with the planning application.
10. The tracking shown in drawing 31134/AC/004 is of a 9m refuse vehicle and similar sized vehicles are expected to currently use Mill Place and Island Row. However, the site management team can make arrangements with the private waste contractor to use a small refuse vehicle that is suitable for the roads surrounding the site, thereby avoiding any impact on the amenity of pedestrians using the footways.

5.36: The proposed development should be secured as 'Permit free'. There are concerns over the location of the proposed disabled bay. Large cars would be unable to turn out of the bay. Further details are required regarding the additional sight line and stage 1 road safety audit.

Response to para 5.36

11. The development will be permit-free, with guests of the hostel and HMO being unable to apply for an on-street parking permit. In addition, the hostel and HMO will inform their guests about parking restrictions and will encourage them to arrive by sustainable modes of transport.
12. The vehicle tracking undertaken for the disabled bay shows a large car satisfactorily reversing into the bay and exiting onto Island Row in a forward gear. It is accepted that turning out onto Island Row is a tight manoeuvre but it can be done safely, and where drivers do not complete an entry / exit movement in a single sweep they are able to shunt backwards and forwards to complete the movement satisfactorily.
13. The proposed on-street parking bays are not expected to significantly impact on the visibility of a vehicle exiting from the on-site bay. This type of layout is prevalent on many residential roads in London and the rest of the UK, where on-street parking is permitted alongside footway crossovers leading to an off-street parking bay. The Department of Transport's Manual for Streets states that parking in visibility splays in built-up areas is common and it goes on to say that in some circumstances, where speeds are low, some encroachment is acceptable.
14. In this case Mill Place has a 20mph speed limit and speeds are constrained by the layout of the road i.e. short narrow sections of road. The traffic flows along the road are also very low, as such the parking bays within the visibility splay are not considered to have a detrimental impact. A Stage 1 Road Safety Audit can be undertaken to assess the safety of this arrangement at the detailed design stage, since the principle of the layout is considered satisfactory.

5.37: Cycle parking is proposed in the basement and this exceeds the numbers required for a hotel use as accepted by TfL. Access to cycle store is unclear; it is stated that it will be by lift but this is shown inconsistently in documents. It appears as this could be a platform lift which raises concerns over security.

5.38: The basement plans also show the cycle store doubles up as a 'general store'. This is unacceptable from a security point of view. The applicant is required to provide for larger / adapted cycles to provide inclusivity within the cycle provision. All access including lifts, doors and aisles must be to the London Cycle Design Standards and these details should be provided prior to the application being determined and not left to condition. Clarification is required with regards the visitor cycle parking as this appears to be outside the site boundary and on public highway. The Transport Statement says that staff cycle parking is also proposed and this will require washing / changing facilities which are not indicated on the plans.

Response to paras 5.37 – 5.38

15. Access to the cycle store in the basement is via a platform lift situated alongside the western elevation of the development on Island Row. The lift provides direct access

between street level and the cycle store, with access at street level expected to be controlled by staff at the development's reception desk. Cyclists would use an intercom near the lift to speak to the receptionist who would activate the lift and monitor access.

16. The cycle storage facilities are located in a large store which allows for the expansion of cycle parking facilities if required in the future. The excess space will also be available for the development management team to use for storage if and when required. The store will only be accessed by staff and guest storing their cycles, and also staff making use of the storage area. This arrangement would not result in a significantly higher risk to the security of cycles in the store.
17. There is ample space in the cycle store to allow for large non-standard cycles to be stored.
18. Short stay cycle parking is provided in the form of two Sheffield stands (i.e. four spaces) in the north east corner of the site next to the Commercial Road / Mill Place junction. These stands are within the site boundary, but it is acknowledged that if cycles are secure to them, the cycles would extend onto public highway by a small amount. This small incursion on to the public highway will not have an adverse impact on the flow of pedestrians on the footway.
19. There is space in the general store area to provide changing and washing facilities for staff, if required. Although, it is expected that the majority of staff will work part time and will be involved in cleaning and maintenance work, and will live close by. As such, they are less likely to need to shower and change clothing if they cycled to work.

5.39 The applicant has provided trip generation based on surveys carried out on a Liverpool hostel 10 years ago. This data is too old to use and it is not clear why direct data from surveys carried out at the existing development could not be used. It would appear that this has been done for the servicing demand.

Response to para 5.39

20. There was a lack of suitable hostel sites on the TRICS database. However, the date of the survey is not considered to be an issue, since travel patterns in respect of the total movements in and out of hostels throughout the day are expected to be similar.
21. A survey of the existing site was not undertaken as the site is currently underutilised (the reason for it being redeveloped) and so a survey of the existing site would not be representative of the potential trips generated by the proposed development.
22. The existing site had a capacity to accommodate 263 occupants while the proposed development will have a capacity to accommodate 185 occupants. As the max level of occupancy will reduce, the proposed development is expected to have a negligible impact on the surrounding highway network in terms of trips generated, when compared to the extant use at the site.

5.40: Any construction work or changes to the basement be proposed adjacent to public highway will require the submission of details for approval in principal and a full technical assessment to the Council's Highway Structures Group. The applicant should be informed that this process is separate to the planning

process and the granting of any planning permission does not guarantee acceptance of the basement proposals by the highway authority.

Response to para 5.40

23. Noted. Details of the basement proposals will be discussed and agreed with the Council's Highway Structure Group.

Comments raised under the heading - LBTH Waste Policy and Development

5.43: The applicant's waste capacity appears to be lower than the current Council's guidelines. The applicant may use the British Standard 5906 document for waste capacity for the hostel and administrative element of the development. The applicant is required to ensure residential and commercial bins are stored separately. The applicant is required to provide bulky waste store separate from bins to avoid issues around obstruction of bins.

Response to para 5.43

24. Since the proposals are not C3 Residential, LBTH have no obligation to collect the development's waste. As per the existing situation, private waste collection arrangements will be made by the company managing the Hostel and HMO. The waste contractor which is appointed would make use of the lift to transfer bins from basement to street level, and collections would be scheduled to suit the demand arising from the proposals, ensuring that the waste storage provision operates within capacity.
25. Waste is collected every two days from the existing hostel and it is expected that the proposals would generate a similar level of waste and so waste collection will be undertaken at a similar frequency.
26. There is space set aside at the eastern end of the refuse store for bulky waste. If additional bulky waste storage is required, there is surplus space at the western end of the refuse store and within the general storage area which could be used on a temporary basis, as and when the demand arises.

5.44: The swept path analysis appears to show the waste collection vehicles over run the footway. The applicant is required to address how the waste collection vehicles can safely access to service the proposed development. The applicant is required to provide a dropped kerb of 1.2m wide at the kerbside where there are no suitable dropped kerbs or shared surfaces where the waste collection vehicles will service the proposed development.

Response to para 5.44

27. The proposed development will have waste collected on-street by a vehicle which uses Mill Lane and Island Row as per the existing hostel and the existing developments which are accessed from these roads. The tracking undertaken used a 9m refuse vehicle which marginally overhangs the footway. However, since waste collection will be undertaken by private waste contractors, the applicant will commit to making it a condition of the waste contractor to collect waste in suitably sized vehicles which do not need to overhang the footway.

28. A 1.2m dropped kerb will be provided by the proposed loading bay allowing the waste collection team to pull the Eurobins from the refuse lift to the rear of the waste collection vehicle. The incorporation of a 1.2m dropped kerb will be part of the detailed design and subject to agreement with LBTH highway officers.

5.45: Bin stores are required to be accessed directly from the public highway. The waste collection operatives are not required to access the development to collect bins. The applicant is required to address the issue of what happens in the case the refuse lift is out of order.

Response to para 5.45

29. Waste collection will be undertaken by private waste contractors. Site management staff will transfer the bins onto Island Row using the refuse lift at the agreed time of collection. This means waste operatives do not have to use the refuse lift.
30. In the event of the refuse lift being out of order, site management staff will temporarily use the cycle lift to transfer the bins basement to ground level and move them onto Mill Lane (in an area within the site boundary) for collection. Alternatively, a different day will be agreed with the waste collection team once the refuse lift has been fixed.

Comments raised under the heading - General comments

7.169: All cycle parking should be designed in accordance with the London Cycling Design Standards which require high quality parking facilities for all cycle users that are fit-for-purpose, secure and well located.

Response to para 7.169

31. Noted. The proposed cycle parking will be provided in accordance with London Cycling Design Standards. There is ample space in the cycle store to allow for adequate cycle parking facilities.

Comments raised under the heading - Vehicular, pedestrian and cycle access

7.170: Vehicular access to the site from Commercial Road would occur through Mill Place (one way along its western section) and Island Row. The submitted tracking diagram for a 9m refuse vehicle (not a standard LBTH refuse vehicle which is 11m) would be very tight and would require the body of the vehicle to overhang the footway which is not acceptable and causes a potential safety issue. Whilst this might be the existing arrangement, the applicant has failed to provide information to justify the proposed arrangement and provide mitigation measures.

32. This point has been covered in Rebuttal Note paragraph 27.

7.172: The proposed cycle parking is situated on the basement level. The submitted documents do not show a clear and consistent strategy on how the cycle parking would be accessed. The floor plans show a cycle lift, however, the elevations do not show any lift enclosure. In addition, the submitted Transport

and Planning Statements state that access to the cycle store would be via a lift through the main core of the building.

33. This point has been covered in Rebuttal Note paragraph 15.

Comments raised under the heading - Deliveries & Servicing

7.174: The existing development is serviced on street. No objections were raised in principle to on-street servicing to previous redevelopments of the site on the basis that a bespoke delivery and servicing plan is secured to ensure that adverse impact would be appropriately mitigated. However, servicing on a public highway can only take place in areas where legally permitted and can be legally be used by anybody. As a result, the area may not be available for vehicles servicing the proposed development.

34. This point has been covered in Rebuttal Note paragraphs 9 - 10.

Comments raised under the heading - Car Parking

7.177: The LBTH highways officer has raised concerns with respect to the location and access into the proposed wheelchair bay which would require reversing from a public highway. The tracking diagram shows that a large car would not be able to turn out of the bay easily into Island Row. In addition, the on street parking bays would also impede the visibility of the bay.

35. This point has been covered in Rebuttal Note paragraphs 12 - 14.

Comments raised under the heading - Cycle Parking and Facilities

7.179: Officers do not consider that the cycle parking standards should be based on C1 (hotel) use. As promoted by the emerging New London Plan policy, it is considered that C3 (residential) requirements would be relevant for the HMO element of the proposal. However, for the hostel use, it is considered acceptable to apply the C1 standard given the short-term nature of the use.

Response to para 7.179

36. The cycle parking was provided in accordance to a C1 (hotel) use for both the hotel and HMO. The HMO use is Sui Generis use and the London Plan states that for Sui Generis cycle parking should be provided as per the most relevant standard. The HMO is expected to only allow stays for short periods of time up to three months. Therefore, the proposals would be more comparable to a hotel use with guests unlikely to arrive on bike with luggage. If taken as a hotel use, the proposals would require 6 long stay spaces to be provided, while the proposals currently provide 12 spaces. Providing cycle parking in accordance with the C1 (hotel) standards was deemed acceptable to TfL.

7.182: The proposed cycle storage basement also would be shared with general storage area which the applicant has not identified the purpose of. Its inclusion in the cycle storage area is considered unacceptable in principle from a security

point of view. In addition, there are concerns around the potential obstruction of the proposed cycle spaces due to the shared storage area.

37. This point has been covered in Rebuttal Note paragraph 16.

7.183: The Transport Statement states that the basement cycle storage includes staff cycle spaces. Whilst there might be scope to accept that the amount of staff cycle parking spaces could be provided on the basis of C1 use, the amount of proposed cycle spaces in total is not considered to be sufficient as explained above. In addition, the applicant has failed to consider the opportunity to provide changing and washing facilities for staff as required by emerging New London Plan policy T5.

Response to para 7.183

38. The cycle parking provision shown was double that of the minimum requirements for the C1 hotel use to ensure there is sufficient cycle parking capacity for both staff and guests. The point on changing and washing facilities has been covered in Rebuttal Note paragraph 19.

7.184: Two Sheffield stands which would provide four short-stay (visitor) cycle spaces are proposed on the north-western corner of the site. Concerns are raised in relation to the location of the proposed two stands raises security issues given that the spaces would not be sufficiently overlooked to provide some degree of natural surveillance.

Response to para 7.183

39. The proposed short stay cycle parking on Mill Place is visible from Commercial Road which has high footfall and is in proximity to the existing bus shelter at the frontage of the site. In addition, it is expected that the development proposal will increase the general footfall around the site providing additional passive surveillance for the short stay cycle spaces.

Comments raised under the heading - Trip generation

7.186: The applicant has provided trip generation based on surveys carried out on a Liverpool hostel 10 years ago. This is not up-to-date data and cannot be accepted as an appropriate comparison to the proposed development. Given the on-going use of the existing hostel use, officers question the purpose of not providing the up-to-date data for trip generation, as it has been done for the servicing demand.

40. This point has been covered in Rebuttal Note paragraphs 20 - 22.