Geoff Pearce
Interim Director of Regeneration & Development
London Borough of Tower Hamlets
Town Hall
160 Whitechapel Road
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Sripriya Sudhakar
Director of Planning & Building Control London
Borough of Tower Hamlets
Town Hall
160 Whitechapel Road
London
E1 1BJ

18th June 2025

Dear Sripriya,

Letter to confirm planning obligations, where the Council is the landowner.

SITE: LAND COMPRISING HARRIOTT HOUSE, APSLEY HOUSE, PATTINSON HOUSE, THE REDCOAT CENTRE AND THE REDCOAT COMMUNITY CENTRE

Planning Application Reference – PA/24/00368

Development Committee resolved on 12th June 2024 to grant planning permission ref. PA/24/00368 for the development of this site.

The resolution to grant planning permission was subject to planning conditions and to securing other planning matters and community benefits that cannot be secured by planning conditions but are required to address the planning impacts of the development. These matters would normally be set out in an agreement under a section 106 of the Town & Country Planning Act 1990. Such an agreement in relation to this application cannot be entered into as the council is the applicant for planning permission, the landowner as well as the local planning authority.

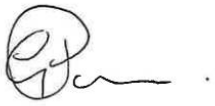
This letter from Geoff Pearce Interim Director of Regeneration & Development, to Sripriya Sudhakar, the Director of Planning & Building Control, therefore seeks to secure the delivery of affordable housing in accordance with the viability tested route, including the provision of early, mid and late stage viability reviews, as specified within the committee report and subsequent agreement with the GLA.

Tower Hamlets Council
Tower Hamlets Town Hall
160 Whitechapel Road
London
E1 1BJ

I confirm that the Housing and Regeneration Directorate will provide or procure the provision of the planning matters and community benefits in relation to this development as set out in the affordable housing obligations attached as appendix 1.

Yours sincerely

Geoff Pearce
Interim Director of Regeneration & Development



Signed:…… ……

I hereby approve the contents hereof and acknowledge receipt of the completed Letter, signed by Geoff Pearce on behalf of Housing and dated 18th June 2025.

Signed:…… ……

Sripriya Sudhakar
Director of Planning and Building Control

Appendix 1

AFFORDABLE HOUSING PROVISION

VIABILITY TESTED ROUTE – EARLY; MID AND LATE VIABILITY REVIEW PROVISIONS

Application – PA/24/00368

Applicant – London Borough of Tower Hamlets (Capital Delivery Team)

Proposal – Redevelopment of the site comprising the demolition of existing buildings (including Harriot House, Apsley House, Pattison House, The Redcoat Centre and Redcoat Community Centre) to provide 407 residential units (Class C3) across buildings ranging in height from 4-8 storeys and community centre building of 1,167m2 GIA (Class E (e-f), Class F1 (e-f), Class F.2 (b)), together with associated landscaped communal amenity space, accessible car parking, secure cycle parking spaces and refuse/recycling storage facilities. Land Comprising Harriott House, Apsley House, Pattison House, The Redcoat Centre & Redcoat Community Centre

DEFINITIONS

The following expressions shall have the following meanings:

"Additional Affordable Housing Units" means the Open Housing Market Units to be converted to Affordable Housing pursuant to the Additional Affordable Housing Scheme as approved (such units shall be in addition to the Affordable Housing Base Provision and shall accord with the Affordable Housing Target Tenure Split across the Development);

"Additional Affordable Housing Scheme" means a scheme to be prepared by the Owner and submitted to the Council approval the Additional Affordable Housing Units to be provided within the Development and which:

(a) confirms which Open Market Housing Units are to be converted into Additional Affordable Housing Units and to which tenure(s);

(b) contains 1:50 plans showing the location, size and internal layout of each unit of Additional Affordable Housing Unit;

(c) provides an indicative timetable for construction and delivery of the Additional Affordable Housing Units;

(d) set out the amount (if any) of the financial contribution also payable towards offsite Affordable Housing if paragraph 3.6 of Part 2 applies;

(e) ensures that at least 10 per cent of any Additional Affordable Housing Units are accessible or easily adaptable for wheelchair users across all tenures and unit sizes;

(f) provides details (including 1:50 floor plans) of the proposed wheelchair accessible Additional Affordable Housing Unit; and

(g) details of the proposed Affordable Housing Provider;

"Affordable Housing" means for the purposes of this Agreement housing including London Affordable Rent Housing, Tower Hamlets Living Rent Housing, Reprovision Social Rent Housing and Intermediate Housing, provided to eligible households whose needs are not met by the market, and which housing should (a) meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local housing prices and (b) include provision for the home to remain at an affordable price for future eligible households, or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision;

"Affordable Housing Base Provision" means the minimum quantum of Affordable Housing to be provided as part of the Development in accordance with the unit and tenure mix set out in Annex 1 and which shall not be reduced on the basis of any viability review carried out following the Early Stage Review Date and or Mid Stage Review and or the Late Stage Review Date;

"Affordable Housing Plan" means a plan to be submitted to the Council for approval showing the location of and identifying the type of Affordable Housing to be provided on the Development;

"Affordable Housing Target Tenure Split" means the reprovision of existing Affordable Housing on the Site plus 50% of the uplift of units on the Site:

(a) a minimum of 70 per cent (by Habitable Room) of the Affordable Housing Units to be provided as Reprovision Social Rent Housing, London Affordable Rented Housing and Tower Hamlets Living Rent Housing; and

(b) a minimum of 30 per cent (by Habitable Room) of the Affordable Housing Units to be provided as Intermediate Housing;

"Affordable Housing Units" means no less than **175** Residential Units to be provided as Affordable Housing as set out in Annex 1 shown on Affordable Housing Plan comprising **735** Habitable Rooms and "**Affordable Housing Unit**" shall be construed accordingly;

"Application Stage Build Costs" means £151,661,375.00 being the estimated cost of demolition, construction, external works and assumed contingency allowance in respect of the Development as determined by the Application Stage Viability Appraisal;

"Application Stage GDV" means £211,723,527.00 being the estimated gross development value of the Development established by the Application Stage Viability Appraisal and which takes into account any Public Subsidy;

"Application Stage Viability Appraisal" means the viability appraisal titled, Financial Viability Assessment - Proposed Re-development of Harriott House, Apsley House and Pattison House dated March 2024 titled Clichy Estate Viability Appraisal and prepared by Red Loft Red Loft that was submitted in relation to the Application and independently assessed by the Council;

"Arm's Length" means any person that is not a parent company/undertaking or subsidiary company/ undertaking within the meaning of Part 38 of the Companies Act 2006 providing any form of loan facilities to the Affordable Housing Provider;

"Average Intermediate Housing Value" means the average value of the Intermediate Housing floorspace per square metre (as applicable) at the Relevant Review Date based on the relevant information provided to establish the Early Stage Review GDV or Late Stage Review Estimated GDV (as applicable) to be assessed by the Council and the Owner;

"Average Low Cost Rent Housing Value" means the average value of the Low Cost Rent Housing floorspace per square metre (as applicable) at the Relevant Review Date based on the relevant information provided to establish the Early Stage Review GVD or Late Stage Review Estimated GVD (as applicable) to be assessed by the Council and the Owner;

"Average Open Market Housing Value" means the average value of the Open Market Housing Unit floorspace per square metre on the Site at the Relevant Review Date based on the relevant information provided to establish the Early Stage Review GVD or Late Stage Review Estimated GDV (as applicable) to be assessed by the Council and Owner;

"Build Costs" means the build costs comprising construction of the Development supported by evidence of these costs to the Council's reasonable satisfaction including but not limited to:

(a) details of payments made or agreed to be paid in the relevant building contract;

(b) receipted invoices;

(c) costs certified by the Owner's quantity surveyor, costs consultant or agent

but for the avoidance of doubt build costs exclude:

(i) professional, finance, legal and marketing costs;

(ii) all internal costs of the Owner including but not limited to project management costs, overheads and administration expenses; and

(iii) any costs arising from Fraudulent Transactions;

"Component" means a part of the Development including but not limited to:

(a) Open Market Housing Units;

(b) Affordable Housing Units;

(c) Additional Affordable Housing Units;

(d) commercial units;

(e) any other floorspace;

(f) property; and

(g) land;

"Council" means the London Borough of Tower Hamlets, acting in its statutory capacity as local planning authority pursuant to the Town and Country Planning Act 1990 (as amended);

"Development" means redevelopment of the site comprising the demolition of existing buildings (including Harriot House, Apsley House, Pattison House, The Redcoat Centre and Redcoat Community Centre) to provide 407 residential units (Class C3) across buildings ranging in height from 4-8 storeys and community centre building of 1,167m2 GIA (Class E (e-f), Class F1 (e-f), Class F.2 (b)), together with associated landscaped communal amenity space, accessible car parking, secure cycle parking spaces and refuse/recycling storage facilities;

"Development Viability Information" means

(a) in respect of Formula 1b:

(i) Early Stage Review GDV and/or Mid Stage Review GDV; and

(ii) Early Stage Review Build Costs and/or Mid Stage Review GDV;

(b) in respect of Formula 2:

(i) Average Open Market Housing Value

(ii) Average Low Cost Rent Housing Value; and

(iii) Average Intermediate Housing Value;

(c) in respect of Formula 3:

(i) Late Stage Review Actual GDV;

(ii) Late Stage Review Actual Build Costs;

(iii) Late Stage Review Estimated GDV; and

(iv) Late Stage Review Estimated Build Costs; and

(d) in respect of Formula 4:

(i) Average Open Market Housing Value

(ii) Average Low Cost Rent Housing Value; and

(iii) Average Intermediate Housing Value

and including in each case supporting evidence to the Council's reasonable satisfaction;

"Disposal" means:

(a) the Sale of a Component(s) of the Development;

(b) the grant of a lease of a term of less than 125 years of a Component of the Development; or

(c) the grant of an assured shorthold tenancy agreement or a short term let in respect of a Component of the Development

ALWAYS excluding Fraudulent Transactions and "**Dispose**", "**Disposals**" and "**Disposed**" shall be construed accordingly;

"Early Stage Review Build Costs" means the sum of:

(a) the estimated Build Costs remaining to be incurred; and

(b) the Build Costs actually incurred

at the Early Stage Review Date;

"Early Stage Review Date" means the date of the submission of the Development Viability Information pursuant to paragraph 2 of Part 2;

"Early Stage Review Gross Development Value (GDV)" means the sum of

(a) the estimated Market Value at the Early Stage Review Date of all Components of the Development based on detailed comparable evidence; and

(b) all Public Subsidy and any Development related income from any other sources to be assessed by the Council excluding any Public Subsidy repaid by us to the Council and or the GLA (as applicable);

"Eligible Purchaser" means a purchaser or purchasers whose Household Income at the date of the purchasing the relevant London Shared Ownership Housing Unit does not exceed the relevant upper limit specified in the latest London Plan Annual Monitoring Report such amount at the date of this Agreement being £90,000;

"External Consultant" means the external consultant(s) appointed by the Council to assess the Development Viability Information;

"Formula 1b" means the formula identified as "Formula 1b";

"Formula 2" means the formula identified as "Formula 2";

"Formula 3" means the formula identified as "Formula 3";

"Formula 4" means the formula identified as "Formula 4";

"Fraudulent Transaction" means:

(a) a transaction the purpose or effect of which is to artificially reduce the Late Stage Review Actual GDV and or artificially increase the Late Stage Review Actual Build Costs; or

(b) Disposal that is not an Arm's Length third party bona fide transaction;

"GLA" means the Greater London Authority or any successor body to their functions in respect of Affordable Housing in London.

"Grant Date" means the date on which the Permission is issued by the Council;

"Habitable Room" means a room within a Residential Unit the primary designed use of which is for living, sleeping or dining and which expressly includes kitchens of 13 square metres or more, living rooms, dining rooms and bedrooms but expressly excludes kitchens with a floor area of less than 13 square metres, study, bathrooms, toilets, corridors and halls;

"Homes England" means the executive non-departmental body sponsored by the Ministry of Housing, Community and Local Government responsible for accelerating housing provision or successor body to its relevant functions;

"Household" means in relation to a person "A", A and all other persons who would, after purchasing a London Shared Ownership Housing Unit share that London Shared Ownership Housing Unit or with A and one another as the only or main residence of both A and such other persons;

"Household Income" means:

(a) in relation to a single Eligible Purchaser or a single Eligible Renter, the gross annual income of that Eligible Purchaser's or Eligible Renter's Household; and

(b) in relation to joint Eligible Purchasers or joint Eligible Renters, the combined gross annual incomes of those Eligible Purchasers or Eligible Renters Households;

"Intermediate Housing" means London Shared Ownership Housing;

Late Stage Review Actual Build Costs" means the Build Costs incurred at the Late Stage Review Date which for the avoidance of doubt shall exclude any contingency allowance;

"Late Stage Review Actual Gross Development Value (GDV)" means the sum of:

(a) the value of all gross receipts from any Sale of a Component of the Development prior to the Late Stage Review Date;

(b) the Market Value of any Component of the Development that has been otherwise Disposed prior to the Late Stage Review Date but not Sold; and

(c) all Public Subsidy and any Development related income from any other sources to be assessed by the Council excluding any Public Subsidy repaid by the Owner to the Council and or the GLA (as applicable)

in respect of which the supporting evidence to be submitted as part of the Development Viability Information shall include documentary evidence of all gross receipts under (a) and evidence of rental values achieved for different Components of the Development under (b);

"Late Stage Review Cap" means the cap on the Late Stage Review contribution as calculated in accordance with Formula 4;

"Late Stage Review Contribution" means a financial contribution for the provision of off-site Affordable Housing in the Council's administrative area the precise value of which shall be calculated in accordance with Formula 3 and which shall be subject to the Late Stage Review Cap;

"Late Stage Review Date" means the date on which 75 per cent of the Residential Units have been Disposed as determined by the Council;

"Late Stage Review Estimated Build Costs" means the estimated Build Costs remaining to be incurred at the Late Stage Review Date;

"Late Stage Review Estimated GDV" means the estimated Market Value at the Late Stage Review Date of all remaining Components of the Development that are yet to be Disposed based on detailed comparable evidence;

"London Affordable Rent Housing" means Affordable Housing which has the same characteristics as Social Rented Housing save that it is not required to be let at Target Rents but is subject to rent controls that require it to be let to eligible households in accordance with Part VI of the Housing Act 1996 at a rent that is:

(a) including Service Charges up to 80 per cent of local market rents;

(b) excluding Service Charges, no higher than the benchmark rents published by the GLA annually in accordance with the Mayor's Funding Guidance; and

(c) benchmark rents including Service Charges not exceeding the Tower Hamlets Living Rent Housing;

"London Affordable Rent Housing Units" means **22** Affordable Housing Units to be shown on the Affordable Housing Plan comprising **73** Habitable Rooms to be made available for London Affordable Rent Housing together with any Additional Affordable Housing Units which are to be delivered as London Affordable Rented Housing;

"London Plan Annual Monitoring Report" means the monitoring report published annually by the Mayor of London reviewing the progress being made in implementing the policies and addressing the objectives of the London Plan or any replacement GLA guidance or policy;

"London Shared Ownership Housing" means housing offered to Eligible Purchasers to be occupied partly for rent and partly by way of owner occupation on shared ownership arrangements as defined in section 70(4) of the Housing and Regeneration Act 2008 (or any amended or replacement provision) where the shared ownership lessee for the time being has the right to carry out Staircasing and dispose of the unit on the open market and on the basis that annual housing costs, including Service Charges and mortgage payments (assuming reasonable interest rates and deposit requirements);

(a) must not exceed 28 per cent of the relevant annual gross income upper limit (such 28 per cent being equivalent to 40 per cent of net income, with net income being assumed to be 70 per cent of gross income) specified in the London Plan Annual Monitoring Report;

(b) in respect of each London Shared Ownership Housing Unit, must not exceed 28 per cent of the relevant annual gross income upper limit below (such 28 per cent being equivalent to 40 per cent of net income, with net income being assumed to be 70 per cent of gross income) PROVIDED THAT this restriction shall apply only to the first letting of each London Shared Ownership Housing Unit and only if such letting is secured by an Eligible Purchaser within the first three months of the London Shared Ownership Housing Unit being marketed:

not exceeding the relevant upper limit specified in the latest London Plan Annual Monitoring Report such amount at the date of this Agreement being £90,000 and "**London Shared Ownership Lease**" and "**London Shared Ownership Lessee**" shall be construed accordingly;

"**London Shared Ownership Housing Units"** means **20** Affordable Housing Units shown on Affordable Housing Plan comprising **60** Habitable Rooms to be made available for London Shared Ownership Housing together with any Additional Affordable Housing Units which are to be delivered as London Shared Ownership Housing;

"Low Cost Rent Housing" means Social Rented Housing, London Affordable Rented Housing, or Tower Hamlets Living Rent Housing or all three (as the context requires);

"Market Value" means the price at which the sale of the relevant property interest would have been completed unconditionally for cash consideration on the Relevant Review Date based on detailed comparable market evidence, including evidence of rental values achieved for any Component of the Development which has been Disposed but not Sold, to be assessed by the Council and assuming:

(a) a willing seller and a willing buyer;

(b) that, prior to the date of valuation, there has been a reasonable period of not less than six months for the proper marketing of the interest (having regard to the nature of the property and the state of the market) for the agreement of the price and terms and for the completion of the sale;

(c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

(d) that both parties to the transaction have acted knowledgeably, prudently and without compulsion;

"Mayor's Funding Guidance" means "Homes for Londoners: Affordable Homes Programme 2021-26 Funding Guidance" published by the Mayor of London in November 2021 or any update or replacement guidance**;**

"Mid Stage Review Date" means a date prior to the implementation of Phase Two of the Development as detailed in Part 2;

"Mid Stage Review Estimated Build Costs" means the estimated Build Costs remaining to be incurred at the Mid Stage Review Date;

"Mid Stage Review Estimated GDV" means the estimated Market Value at the Mid Stage Review Date of all remaining Components of the Development that are yet to be Disposed of based on detailed comparable evidence;

"Open Market Housing Units" means **232** Residential Units comprising **637** Habitable Rooms which are to be sold or let on the open market and which are not Affordable Housing Units;

"Option" means the option to be granted to the Council (and/or its nominated substitute Affordable Housing Provider) in accordance with paragraph 5.3 of Part 1 for the purchase of the Affordable Housing Units and or the Additional Affordable Housing Units;

"Permission" means the planning permission to be granted for the Development;;

"Perpetuity" means a minimum term of one hundred and twenty five years from the date of first Occupation of the first Affordable Housing Unit;

"Phase One" means the demolition of the adult social care building and other ancillary buildings and the construction of blocks A3, A4 and B2, as shown on phasing plan CER-PRP-MP-XX-DR-A-02202;

"Phase Two" means the demolition of the remaining buildings on the site and the construction of blocks A1, A2, A5, A6 and A7 and blocks B1, B3, B4, B5 and B6 and all associated public realm and amenity spaces, as shown on phasing plan CER-PRP-MP-XX-DR-A-0220;

"Public Subsidy" means funding from the Council and or the GLA together with any additional public subsidy secured by the Owner to support the delivery of the Development;

"Relevant Review Date" means the Early Stage Review Date or the Mid Stage Review Date or the Late Stage Review Date (as the context requires);

"Rent Guidance" means the policy statement applicable to local authorities on rents for Social Housing issued by the Ministry of Housing, Communities & Local Government in February 2019 or such other replacement guidance in force and applicable at the relevant time;

"Rents and Nominations Agreement" means an agreement to be entered into with the Council and any affordable housing provider (if required) providing the Council with nomination rights in respect of the Affordable Housing Units for the life of the Development;

"Rent Standard" means the standard applicable to Affordable Housing Providers relating to rent set by the Regulator of Social Housing from time to time in accordance with the Direction on the Rent Standard 2019 issued by the Ministry of Housing, Communities & Local Government or such other replacement direction as may be in force and applicable at the relevant time;

"Residential Units" means **407** units of residential accommodation comprising **1379** Habitable Rooms to be provided as part of the Development comprising the Open Market Housing Units and the Affordable Housing Units;

"RTA Purchaser" means a former tenant of an Affordable Housing Unit who purchases that Affordable Housing Unit under the provisions of the right to acquire by Section 180 Housing and Regeneration Act 2008 or the

preserved right to buy created by Part V Housing Act 1996 or any other statutory right in force from time to time entitling tenants to purchase their homes;

"Sale" means:

(a) the sale of the freehold of a Component; or

(b) the grant of a lease of a Component with a term of 125 years or more and subject to minimal rent

and "**Sold**" shall be construed accordingly;

"Service Charges" means all amounts payable by a tenant or owner (as appropriate) of the relevant London Affordable Rented Housing Unit or London Shared Ownership Housing Unit as part of or in addition to the rent and directly or indirectly for services, repairs, maintenance, improvements, insurance and or the landlord's costs of management in relation to that London Affordable Rented Housing Unit London Shared Ownership Housing Unit which at all times shall remain reasonable and affordable;

"Social Rented Housing" means rented housing owned and managed by local authorities or registered providers and let at Target Rents;

"Reprovision Social Rent Housing Units" means the **36** Affordable Housing Units as shown on the Affordable Housing Plan comprising **164** Habitable Rooms to be made available for reprovisioned Social Rented Housing together with any Additional Affordable Housing Units which are to be delivered as Reprovision Social Rent Housing;

"Staircasing" means the acquisition of a London Shared Ownership Lessee of additional equity in a unit of London Shared Ownership Housing Unit up to a maximum of 100 per cent equity and "**Staircased**" shall be construed accordingly;

"Strategic Planning Application Stage 1 Referral" means the strategic planning application stage 1 referral prepared by the GLA under planning report GLA/2021/1263/S1/01 and dated 7 February 2022;

"Substantial Implementation" means the occurrence of the following in respect of the Development:

(a) completion of all ground preparation works for Phase One or Phase Two of the Development, as the context requires;

(b) completion of the foundations for the core of Phase One or Phase Two of the Development as the context requires;

(c) construction of the ground floor slab of Phase One or Phase Two of the Development as the context requires;

(d) letting of a contract for the construction of the Development; and

(e) Practical Completion of Phase One

and "**Substantially Implemented**" shall be interpreted accordingly;

"Substantial Implementation Target Date" means twenty four (24) months from the Grant Date;

"Target Rents" means rents for Social Rented Housing conforming with the pattern produced by the rents formula set out in the Rent Guidance and subject to the limit on rent changes and rent caps set out therein and subject to indexation as permitted by the Rent Standard or the Rent Guidance from time to time;

"Target Return" means a return on Gross Development Value of 14.73 per cent, being the blended target return for the Private, Affordable and Commercial Development components:

(a) The return consists of 17.5% of Gross Development Value for market units, 4% for affordable housing units, and 15% for commercial units.

(b) the percent or percentages as set out and determined within the Application Stage Viability Appraisal being the blended profit of the Open Market Housing Units, the Affordable Housing Units and any other Component of the Development as a percentage of gross development value;

"Tower Hamlets Living Rent Housing" means the housing product (not required to be let at Target Rents) through which homes are let at Borough wide rent levels (inclusive of Service Charges) published by the Council annually and calculated with reference to one third of median incomes in the Borough or where rent levels cease to be published annually by the Council let at the last published rent level and indexed as permitted for Affordable Housing with the [Rent Standard] from time to time or such other rent level as may be agreed in writing with the Council;

"Tower Hamlets Living Rent Units" means **69** Affordable Housing Units as shown on the Affordable Housing Plan comprising **308**Habitable Rooms to be made available for Tower Hamlets Living Rent Housing together with any Additional Affordable Housing Units which are to be delivered as Tower Hamlets Living Rent Housing; and

"Wheelchair Affordable Accessible Dwellings" means 24 Affordable Housing Units to be designed and provided to meet the requirements of M4(3)(2)(b) of Part M of the Building Regulations 2010 and which shall be approved pursuant to the relevant Condition in the Permission **and "Wheelchair Affordable Accessible Dwelling"** shall be construed accordingly.

Part 1 – Affordable Housing Provision

1 AFFORDABLE HOUSING MINIMUM AND MAXIMUM PROVISION

1.1 We shall provide the Affordable Housing Base Provision on the Site within the Development in accordance with the terms of this document is Schedule and agree:

1.1.1 no less than the Affordable Housing Base Provision shall be provided as part of the Development on the Site; and

1.1.2 the maximum total of the Affordable Housing Units, Additional Affordable Housing Units and the Late Stage Review Contribution required or payable shall together not exceed the equivalent of 50 per cent (by Habitable Room) of the Residential Units provided that the tenure mix of the Affordable Housing Units across the Development accords with the Affordable Housing Target Tenure Split.

2 USE AS AFFORDABLE HOUSING

2.1 We shall not:

2.1.1 Occupy the Low Cost Rent Housing Units for any purpose other than for Low Cost Rent Housing in Perpetuity

2.1.2 Occupy the London Shared Ownership Housing Units for any purpose other than for Shared Ownership Housing in Perpetuity, save where a London Shared Ownership Lessee has Staircased to 100 per cent equity in respect of a particular London Shared Ownership Housing Unit; and

3 DELIVERY OF AFFORDABLE HOUSING

3.1 We shall:

3.1.1 Practically Complete all of the Affordable Housing Units prior to Occupation of fifty per cent (50%) of the Open Market Housing Units

3.1.2 not to Occupy or cause the Affordable Housing Units to become Occupied until Affordable Housing Units have been constructed as Wheelchair Affordable Accessible Dwellings as shown in table 3.1.4 below and which shall be approved pursuant to the relevant Condition in the Permission;

3.1.3 provide the Affordable Housing Units (which includes the Wheelchair Affordable Accessible Dwellings) in accordance with the unit mix, tenure and rental levels in the table below, unless otherwise agreed with the Council:

Tenure / Unit Size	Number of units	Weekly Rental Level	Wheelchair Affordable Accessible Dwellings
London Affordable Rent Housing			
1 bed	9	£206.87	
2 Bed	8	£219.02	
3 Bed	3	£231.18	
4 bed	2	£243.35	
Total	22		
Tower Hamlets Living Rent Housing			
1 bed	13	£280.06	5
2 bed	7	£308.06	
3 bed	33	£336.07	4
4 bed	16	£364.08	7
Total	69		16
Reprovision Social Rented Housing			
1 bed	1	£121.21	
2 bed/3 person	4	£136.37	
2 bed/4 person	5	£136.37	
3 bed/5 person	10	£152.17	
3 bed/6 person	11	£152.17	
4 bed	5	£167.33	
Total	36		

London Shared Ownership Housing			
I bed	5	Maximum of 2.75% of unsold equity	
2 bed	11	Maximum of 2.75% of unsold equity	
3 bed	4	Maximum of 2.75% of unsold equity	
Total	20		

3.1.4 ensure that rents (inclusive of Service Charges in the case of Tower Hamlets Living Rent Housing Units but exclusive of Service Charges in the case of London Affordable Rent Housing Units and Reprovided Units) for first lettings of any Low Cost Rent Housing Units will not exceed the relevant amount set out in the table at paragraph 3.1.3 above subject to a maximum annual percentage rent increase as Homes England may publish from time to time) calculated from the date of this) for first lettings of any Low Cost Rent Housing Units will not exceed the relevant amount set out in the table at paragraph 3.1.3 above subject to a maximum annual percentage rent increase as Homes England may publish from time to time) calculated from the date of this Agreement and based on the annual CPI + 1 rate published for the preceding September on top of the amounts set out in the table at paragraph 3.1.3 above PROVIDED THAT if such weekly rents on first lettings are proposed to exceed the indexed amounts set out in the table above we shall obtain the written agreement of the Council as to the amounts of the weekly rents; and

3.1.5 ensure that (inclusive of Service Charges in the case of Tower Hamlets Living Rent Housing Units but exclusive of Service Charges in the case of London Affordable Rent Housing Units Reprovided Units) for first lettings of any Low Cost Rent Housing Units will not exceed the relevant amount set out in the table at paragraph 3.1.3 above subject to a maximum annual percentage rent increase as Homes England may publish from time to time) calculated from the date of this on subsequent lettings and tenancy renewals of the Low Cost Rent Housing Units (which for the avoidance of doubt shall not include tenancies which are continuing after a probationary period) shall not exceed the amounts set out in the table at paragraph 3.1.3 above subject to Homes England's permitted maximum annual increase of CPI + 1 per cent per annum (or such other rate of annual increase as Homes England may publish from time to time) calculated from the date of this Agreement PROVIDED THAT if such weekly rents on subsequent lettings and tenancy renewals are proposed to exceed the indexed amounts set out in the table at paragraph 3.1.3 above we shall obtain the written agreement of the Council as to the amounts of the weekly rents.

Part 2 – Early Stage Viability Review

1 EARLY STAGE REVIEW

1.1 We shall notify the Council's Development Viability Team in writing of the date on which we consider that Substantial Implementation has occurred no later than 10 (ten) Working Days after such date and such notice shall be accompanied by documentary evidence on an open book basis to enable the Council to independently assess whether Substantial Implementation has occurred and whether it occurred on or before the Substantial Implementation Target Date.

1.2 No later than 5 (five) Working Days after receiving a written request from the Council, we shall provide to the Council any additional documentary evidence reasonably requested by the Council to enable it to determine whether Substantial Implementation has occurred on or before the Substantial Implementation Target Date.

1.3 We shall afford the Council (and their agents) access to the Site to inspect and assess whether or not the work which has been undertaken amounts to Substantial Implementation.

1.4 We agree that the Council may inspect the Site and provide written confirmation to us as to whether the works undertaken amount to Substantial Implementation and whether Substantial Implementation occurred on or before the Substantial Implementation Target Date.

1.5 if we are notified that Substantial Implementation has not been achieved then this paragraph 1 shall continue to apply multatis mutandis until we are so notified.

1.6 We shall not Occupy the Development or any part thereof until:

1.6.1 we have been notified that Substantial Implementation has been achieved on or before the Substantial Implementation Target Date;

1.6.2 we have been notified that no Additional Affordable Housing Units are required; or

1.6.3 we have been notified that Additional Affordable Housing Units are requited, and an Additional Affordable Housing Scheme has been approved.

2 SUBMISSION OF DEVELOPMENT VIABILITY AND OTHER INFORMATION

2.1 Where it has been determined that Substantial Implementation has not occurred before the Substantial Implementation Target Date by the Council or by an Expert:

2.1.1 we shall submit the following information to the Development Viability Team of the Council no later than 20 Working Days after the date on which we are notified that Substantial Implementation has been achieved on the basis that the Council may make such information publicly available:

(a) the Development Viability Information for Formula 1b and Formula 2;

(b) a written statement that applies the Development Viability Information to Formula 1b (PROVIDED AWAYS THAT if the result produced by Formula 1b is less than zero it shall be deemed to be zero) and Formula 2 thereby confirming whether in the Owner's view any Additional Affordable Housing Units can be provided; and

(c) where such written statement confirms that Additional Affordable Housing Units can be provided, an Additional Affordable Housing Scheme should be submitted; and

2.1.2 paragraphs 3 and 4 of Part 2 shall apply.

3 ASSESSMENT OF DEVELOPMENT VIABILITY AND OTHER INFORMATION

3.1 The Council shall assess the information submitted pursuant to paragraphs 1 of Part 2 and assess whether in its view Additional Affordable Housing Units are required to be delivered in accordance with Formula 1b and Formula 2 and for the avoidance of doubt the Council will be entitled to rely on its own evidence in determining inputs into Formula 1b and Formula 2 subject to such evidence also being provided to the Owner.

3.2 The Council may appoint an External Consultant to assess the information submitted pursuant to paragraph 2 of Part 2.

3.3 In the event that the Council and or the External Consultant reasonably requires further Development Viability Information or supporting evidence of the same then the Owner shall provide any reasonably required information to the Council or the External Consultant (as applicable and with copies to the other parties) within 10 (ten) Working Days of receiving the relevant request and this process may be repeated until the Council and or the External Consultant (as applicable) has all the information it reasonably requires to assess whether in their view Additional Affordable Housing Units are required to be delivered in accordance with Formula 1b and Formula 2.

3.4 When the Council or its External Consultant has completed its assessment of the information submitted pursuant to paragraph 2 of Part 2, the Council shall notify the Owner in writing of the Council's decision as to whether any Additional Affordable Housing Units are required and whether the Additional Affordable Housing Scheme submitted pursuant to paragraph 2.1.1(c) of Part 2 is approved.

3.5 Where the Council concludes that Additional Affordable Housing Units are required but the Owners' initial submission concluded otherwise, the Owner shall provide an Additional Affordable Housing Scheme to the Council for approval within 10 Working Days of the date on which it receives the Council's notice pursuant to paragraphs 3.4 of Part 2.

3.6 If the Council's assessment concludes that:

3.6.1 a surplus profit arises following the application of Formula 1b but such surplus profit is insufficient to provide any Additional Affordable Housing Units pursuant to Formula 2; or

3.6.2 a surplus profit arises following the application of Formula 1b but such surplus profit cannot deliver a whole number of Additional Affordable Housing Units pursuant to Formula 2;

then in either scenario we shall pay any surplus profit allocable to any incomplete Additional Affordable Housing Unit to the Council as a financial contribution towards offsite Affordable Housing.

3.7 We will pay the Council's reasonably and properly incurred costs in assessing the information submitted, including those of the External Consultant within 20 Working Days of receipt of a written request for payment.

4 DELIVERY OF ADDITIONAL AFFORDABLE HOUSING UNITS

4.1 When it is determined that one or more Additional Affordable Housing Units are required, we shall not Occupy more than 50% (fifty per cent) Open Market Housing Units until we have:

4.1.1 Practically Completed all of the Additional Affordable Housing Units in accordance with the approved Additional Affordable Housing Scheme and made them available for Occupation; and

4.1.2 paid any remaining surplus profit pursuant to paragraph 3.6 above to the Council towards the delivery of offsite Affordable Housing within the Council's administrative area.

4.2 We agree that the terms of paragraphs 2 to 5 (inclusive) of Part 1 shall apply mutatis mutandis to the provision of any Additional Affordable Housing Units.

Part 3 – Mid Stage Viability Review

1 MID STAGE REVIEW

1.1 We shall notify the Council's Development Viability Team in writing of the date on which we consider that Substantial Implementation (as the context requires) of Phase Two of the Development has occurred by no later than 10 Working Days after the Substantial Implementation of Phase Two of the Development.

1.2 The Mid-Stage Viability Review shall follow the same process as detailed above in Part 2 (Early Stage Viability Review) and that Formula 1b and Formula 2 shall be used to calculate whether any further Additional Affordable Housing Units (taking into account any such units already provided pursuant to the Early Stage Review) or a further financial contribution towards Affordable Housing is required.

Part 4 - Late Stage Viability Review

1 LATE STAGE REVIEW

1.1 We will notify the Council's Development Viability Team in writing of the anticipated Late Stage Review Date not less than 20 Working Days in advance of that date.

2 SUBMISSION OF DEVELOPMENT VIABILITY AND OTHER INFORMATION

2.1 No later than 20 Working Days after the Late Stage Review Date notified to the Council we will submit the following information to the Development Viability Team of the Council on the basis that the Council may make such information publicly available:

2.1.1 the Development Viability Information for Formula 3 and Formula 4; and

2.1.2 a written statement that applies the Development Viability Information to Formula 3 (PROVIDED ALWAYS THAT if the result produced by Formula 3 is less than zero it shall be deemed to be zero) and Formula 4 thereby confirming whether in our view any Late Stage Review Contribution is payable and, if so, how much.

3 ASSESSMENT OF DEVELOPMENT VIABILITY AND OTHER INFORMATION

3.1 We accept the Council shall assess the Development Viability Information submitted assess whether in its view a Late Stage Review Contribution is payable in accordance with Formula 3 subject to the Late Stage Review Cap as calculated by Formula 4 and, if so, how much and the Council will be entitled to rely on its own evidence in determining inputs into Formula 3 and Formula 4 subject to such evidence also being provided to the Owner.

3.2 We accept the Council may appoint an External Consultant to assess the information.

3.3 We will supply any reasonable required further Development Viability Information or supporting evidence of the same to the Council or the External Consultant (as applicable and with copies to the other parties) within 10 Working Days of receiving the relevant request and this process may be requested until the Council and or the External Consultant (as applicable) has all the information it reasonably requires to assess whether in its view any Late Stage Review Contribution is required.

3.4 If the Council and or the External Consultant determines that the Late Stage Review Date has not occurred, we will promptly submit additional information or re-submit the information as required by the Council the occurrence of the Late Stage Review Date (as determined by the Council).

3.5 The Council will notify us in writing of its decision as to whether any Late Stage Review Contribution is payable and, if so, how much.

3.6 If the Council notifies us that a Late Stage Review Contribution is required:

3.6.1 we will pay the Late Stage Review Contribution to the Council within 10 Working Days of the date on which such notice is received; and

3.6.2 we shall not Occupy more than 85% (eighty five per cent) of the Residential Units until the Late Stage Review Contribution has been paid in full to the Council.

3.7 We shall pay the Council's costs which are reasonably and properly incurred in assessing the information submitted pursuant to paragraph 2 of Part 3 including those of the External Consultant within 20 Working Days of receipt of a written request for payment.

3.8 We will not Occupy more than 80% (eight per cent) of the Residential Units until the Council has notified us in writing of its decision as to whether any Late Stage Review Contribution is required.

4 PUBLIC SUBSIDY

4.1 Nothing will prejudice any contractual obligation on us to repay or reimburse any Public Subsidy using any surplus profit that is to be retained by us following the application of Formula 2 and Formula 3.

Part 5 - Reprovision Social Rent Housing Units

5.1 These units shall be made available to those who qualify in accordance with the Strategic Planning Application Stage 1 Referral.

Part 6 – General

In the event that we dispose of our entire or any part of our interest in the Development in any way, we shall ensure that a condition of such a disposal will require the new owner or occupant to enter in a s106 Town and Country Planning Act 1990 agreement (or such equivalent agreement as may be required) to secure the provisions of this Affordable Housing Provision in perpetuity.

AFFORDABLE HOUSING FORMULAS

FORMULA 1b (Surplus profit available for additional on-site affordable housing)

"Surplus profit" = (((A – B) – (C – D)) - P) - J

Where:

A = Early Stage Review GDV (£)

B = Application Stage GDV (£)

C = Early Stage Review Build Costs (£)

D = Application Stage Build Costs (£)

J = Deficit: Benchmark Site Value – Residual Site Value, as determined by the Council at -£39,048,031

P = (A – B) * Y

Y = Target Return (%)

Notes:

(A – B) represents the change in GDV from the date of planning permission to the date of review.

(C – D) represents the change in build costs from the date of planning permission to the date of review.

P represents developer profit on change in GDV.

FORMULA 2 (Additional affordable housing)

X = Additional [Low Cost Rent Housing] requirement (Habitable Rooms)

X = ((E * F) ÷ (A – B)) ÷ D

Y = Additional Intermediate Housing requirement (Habitable Rooms)

Y = ((E * G) ÷ (A – C)) ÷ D

Where:

A = Average Open Market Housing Value (£ per m²)

B = Average Low Cost Rent Housing Value (£ per m²)

C = Average Intermediate Housing Value (£ per m²)

D = Average Habitable Room size for the Development being [●]m²

E = Surplus profit available for Additional Affordable Housing Units as determined in Formula 1b (£)

F = Percentage of surplus profit available for Additional Affordable Housing Units to be used for Low Cost Rent Housing (70%)

G = Percentage of surplus profit available for Additional Affordable Housing Units to be used for Intermediate Housing (30%)

Notes:

(A – B) represents the difference in average value of market housing per m² and average value of [Low Cost Housing] per m² (£).

(A – C) represents the difference in average value of market housing and average value of [Intermediate Housing] per m² (£).

(E * F) represents the surplus profit to be used for Low Cost Rent Housing (£).

(E * G) represents the surplus profit to be used for Intermediate Housing (£).

(E * F) ÷ (A – B) represents the additional Low Cost Rent Housing requirement (m²).

(E * G) ÷ (A – C) represents the additional Intermediate Housing requirement (m²).

FORMULA 3 (Surplus profit available for affordable housing contribution)

X = Late Stage Review Contribution

X = (((A + B – C) – (D + E - F) – P) – J) * 0.6

Where:

A = Late Stage Review Actual GDV (£)

B = Late Stage Review Estimated GDV (£)

C =

- Application Stage GDV (£), where Development Viability Information for Formula 1b and 2 was not required to be submitted pursuant to paragraph 2 of Part 2; or
- Early Stage Review GDV (£) as determined by the Council pursuant to paragraph 3.4, where Development Viability Information for Formula 1b and 2 was submitted pursuant to paragraph 2

D = Late Stage Review Actual Build Costs (£)

E = Late Stage Review Estimated Build Costs (£)

F =

- Application Stage Build Costs (£), where Development Viability Information for Formula 1b and 2 was not required to be submitted pursuant to paragraph 2 of Part 2; or
- Early Stage Review Build Costs (£) as determined by the Council pursuant to paragraph 3.4, where Development Viability Information for Formula 1b and 2 was submitted pursuant to paragraph 2 of Part 2

J = Deficit: Benchmark Site Value – Residual Site Value, as determined by the Council at -£39,048,031.

P = (A + B – C) * Y

Y = Target Return (%)

Notes:

(A + B - C) represents the change in GDV from the date of the planning permission (or previous review if triggered) to the Late Stage Review Date.

(D + E – F) represents the change in build costs from the date of the planning permission (or previous review if triggered) to the Late Stage Review Date.

P represents developer profit on change in GDV.

0.6 represents the 60 per cent of the surplus profit to be used by the Council for additional affordable housing, after the developer's profit (P) has been deducted.

FORMULA 4

X = Late Stage Review Cap

X = (((A * D) – (B * D)) * E) + (((A * D) – (C * D)) * F)

Where:

A = Average Open Market Housing Value (£)

B = Average Low Cost Rent Housing Value (£)

C = Average Intermediate Housing Value (£)

D = [●]m², being the average Habitable Room size for the Development

E =

- [●] Habitable Rooms, where Additional Affordable Housing Units were not required to be provided pursuant to paragraph 3.4 of Part 2; or
- [●] Habitable Rooms, where Additional Affordable Housing Units were required to be provided pursuant to paragraph 3.4 Part 2,

being the shortfall in Low Cost Rent Housing (by Habitable Room) when compared with the Affordable Housing Target Tenure Split.

F =

- [●] Habitable Rooms, where Additional Affordable Housing Units were not required to be provided pursuant to paragraph 3.4 of Part 2; or
- [●] Habitable Rooms, where Additional Affordable Housing Units were required to be provided pursuant to paragraph 3.4 of Part 2,

being the shortfall in Intermediate Housing (by Habitable Room) when compared with the Affordable Housing Target Tenure Split.

The Council's Development Viability Team contact information:

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