

London Borough of Merton:
Sites & Policies Plan and Policies Map
Viability Assessment

September 2013

Contents

| | |
|--|----|
| Section 1: Introduction | 3 |
| Section 2: Scope of Viability and Background Information | 4 |
| Section 3: Methodology..... | 7 |
| Section 4: Merton’s viability study | 8 |
| Section 5: Policies | 18 |
| Section 6: Sites Allocations | 21 |
| Section 7: Conclusions | 23 |
| Section 8: Appendix | 24 |

Section 1: Introduction

- 1.1: The National Planning Policy Framework (NPPF) [2012] asserts the primacy of the statutory Local Plan in making planning decisions. Merton's statutory Local Plan is the London Plan (2011), Core Planning Strategy (2011), South London Waste Plan (2012) and the saved Unitary Development Plan (2003) [UDP] policies – those that were not superseded by the Core Planning Strategy [2011] or deleted by the Secretary of State [2007].
- 1.2: Merton Sites & Policies Plan and Policies Map contains detailed development management policies, site allocations and updates to the proposals map. Once adopted, the Sites & Policies Plan and Policies Map will form part of the Merton's Local Plan.
- 1.3: The purpose of this paper is to address the requirements of the NPPF with regards to viability and deliverability of Local Plans. This paper considers the viability of policy requirements within the adopted Core Planning Strategy and emerging Sites & Policies Plan and Proposals Map. This paper will make reference to a number of studies that were commissioned since the council commenced preparing its Local Plan since 2008. These studies helped inform the council's approach to affordable housing and the Community Infrastructure Levy (CIL) charge. These studies also demonstrate a general indication of development viability in the borough as these take into consideration all costs that are required to bring a scheme forward for development.
- 1.4: This paper sets out the relevant assumptions and results of each viability study, considers the viability of new policies that may result in significant additional development costs that have not been previously considered in Merton's suite of viability studies and considers the deliverability of proposed allocated sites.

Section 2: Scope of Viability and Background Information

- 2.1: Viability testing is an important part of the Development Plan Marking process. The requirement to assess viability forms part of the NPPF and is a requirement in the CIL regulations. In each case the viability requirement is slightly different but all have much in common.

The National Planning Policy Framework (NPPF) [2012]

- 2.2: Since Merton's Core Planning Strategy was adopted in 2011, the old suite of Planning Policy Statement's (PPS) and Planning Policy Guidance (PPG) has been replaced by the NPPF. The NPPF sets out the overall approach to the preparation of Local Plans. It states that planning authorities should seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development. Significant impacts on any of these three dimensions should be avoided, and wherever possible, alternative options which reduce or eliminate such impacts should be pursued.
- 2.3: Paragraph 182 of the NPPF sets out the matters for the Inspector to consider when testing the soundness of a Development Plan stating that the plan should be: 'Effective – the plan should be deliverable over its period'. To ensure that Local Plans are viable and deliverable, paragraph 173 and 174 provides the following guidance:

"Pursuing sustainable development requires such **careful attention to viability and costs in plan-making and decision taking**. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, **provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable**.

Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely **cumulative impacts on development in their area** of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk and should facilitate development throughout the economic cycle. **Evidence supporting the assessment should be proportionate, using only appropriate available evidence"**.

- 2.4: The meaning of competitive return has been the subject of examinations previously. The RICS Guidance Note: Financial Viability in Planning (August 2012)¹ considers that a 'competitive return' is determined by market value. Whereas, the Viability Testing Local

¹ Link to RICS Guidance Note: Financial Viability In Planning (August 2012):

Plans: Advice for planning practitioners (June 2012) guidance² issued by the Local Housing Delivery Group advocates the use of current use value plus an appropriate premium as a benchmark for testing CIL and local plan policy requirements. The Local Housing Delivery Group was led by the Homes and Communities Agency (HCA) and comprises representatives from the National Homes Builders Federation, the Royal Town Planning Institute, local authorities and surveyors. It is clear from this guidance, planning appeal decisions and the HCA good practice publication, that the most appropriate test of viability for planning policy purposes is to consider the residual value of schemes compared to the existing or current use value plus premium. Moreover, this approach is supported by the examination on the Mayor of London's CIL Charging Schedule.

- 2.5: Thus, a key part of the Development Plan making process is viability however it is important to highlight that the duty to test in the NPPF is a 'broad brush' requirement, stating that 'plans should be deliverable'. It is not a requirement nor realistic that every site should be able to bear all of the local authority's requirements – not all sites within the local authority area will be viable even with no policy requirements imposed on them by the local authority. However the typical site should be able to bear the policy requirements or targets set by the local authority and the council should be able to show, with a reasonable degree of confidence, that the Plan is deliverable.

Community Infrastructure Levy (CIL)

- 2.6: It is not possible to consider the deliverability of the Local Plan without considering how the infrastructure required to support the new development planned will be funded. In Merton, money secured through the implementation of the local CIL charge, will contribute towards funding infrastructure for Merton. The viability testing under CIL is different to the NPPF. Once CIL is adopted and implemented, it becomes a statutory land charge and therefore is non-negotiable unless exempt through the CIL regulations from paying CIL. In this regard, CIL is unlike other planning policy requirements such as provision of affordable housing which is subject to viability.
- 2.7: Local authorities who wish to charge the levy must produce a draft charging schedule setting out CIL rates for their area, which are to be expressed as pounds sterling per square metre ('£ per sqm'). The draft charging schedule should be presented for public consultation at least twice before being approved by an independent examiner and then finally adopted by the council.
- 2.8: Community Infrastructure Levy Guidance 'Charge setting and charging schedule procedures to support the CIL Regulations (CIL guidance) [April 2013] requires the authority to justify the need to levy a CIL charge and clearly show that the CIL charge will not significantly impact on the delivery of the overall development in London Plan.

² Link to Viability Testing Local Plans: Advice for planning practitioners (June 2012) guidance² issued by the Local Housing Delivery Group:

- 2.9: Merton Council is intending to introduce a local Community Infrastructure Levy (CIL) charge for Merton. At the time of writing this document, an Examination in Public (EiP³) is due to take place in front of an independent Examiner who will determine if Merton's CIL charge meets the CIL regulations, is justified and would not put the overall delivery of Merton's Local Plan at risk. The Inspector's Report is expected in November 2013.
- 2.10: Since 1 April 2012, Merton Council has been collecting the Mayor of London's CIL charge of '£35 per sqm' which contributes towards funding for Crossrail. This CIL charge is levied on all developments in London to which CIL can be charged under the CIL regulations except development for education and health uses. In accordance with CIL regulations and guidance, Merton's viability evidence has taken the Mayor's CIL charge into account when recommending an individual CIL charge for Merton. Once adopted, both the Mayoral CIL and Merton's CIL '£ per sqm' will be collected by Merton Council for CIL liable development in the borough.

³ Link to Merton's CIL Examination EiP:
http://www.merton.gov.uk/environment/planning/cil/cil_examination.htm

Section 3: Methodology

- 3.1: Having regard to the NPPF, the council has sought to ensure that the Local Plan, in delivering its overall policy requirements, can address the following issues:
- The viability of development and the deliverability of sites identified in the Local Plan.
 - The provision of competitive returns to landowners and developers to enable developments to be deliverable.
 - The delivery of development throughout the economic market cycle.
- 3.2: In accordance with the NPPF, the London Borough of Merton has completed viability studies since the commencement of the Local Plan in 2008 to show that its policy position would not put the overall delivery of development at risk. Therefore to assess the viability and deliverability of the Sites & Policies Plan and Policies Map and to address the issues raised in paragraph's 173 and 174 of the NPPF (stated in paragraph 2.3), the following studies have been considered:
- Merton's Affordable Housing Viability Study (2010)
 - Code for Sustainable Homes Level 4 Viability Study (2010)
 - Merton's Preliminary CIL Viability Study (December 2011)
 - Merton's draft Charging Schedule CIL Viability Study (November 2012)
- 3.3: These studies were commissioned to understand and assess the capacity of private development to deliver affordable housing, the required carbon energy savings and contribution towards funding infrastructure through the CIL charge. As these viability studies took account of the Local Plan requirements, considered landowner returns and economic market cycles, they have also provided a good indication of the general viability of development likely to come forward in Merton over the plan period.
- 3.4: Using the Residual Land Value methodological approach, these studies assessed a wide range of schemes typical of that coming forward for development in Merton. The Residual Land Value approach is used by developers when determining how much to bid for land and involves calculating the value of the completed scheme and deducting development costs and developers profit. The residual land amount is the sum left after these costs have been deducted from the value of the development and guides a developer in determining an appropriate offer for the site.
- 3.5: Key variables in these studies include an benchmark land value, sales values , density and housing mix (for residential properties), rents, yields and void periods (for commercial property) and development costs; such as build costs, developers profit, professional and legal fees, finance costs and other costs associated with planning requirements.
- 3.6: A summary of Merton's viability studies is considered in considered in Section 4, an assessment of development costs associated with emerging policy is set out in Section 5 and the viability of emerging Sites Allocations is provided in Section 6.

Section 4: Merton's viability study

4.1: As stated in paragraph 3.2, over the last four years Merton has completed four viability studies to justify policies in Merton's adopted or emerging Local Plan. These viability studies can be summarised as follows:

Merton's Affordable Housing Viability Study (2010) [AHVS]⁴:

4.2: The AHVS was completed to identify the percentage of affordable housing that should be secured from private development on-site. This was achieved by analysing the effect of affordable housing proportions on development schemes, reducing affordable housing thresholds, variations to tenure mix and variations in other development costs that may have on the value of a potential development sites.

4.3: In Merton, residential sales values differ depending in which part of the borough or even street the property (even flat or house) is located. Therefore, for this study, research of properties for sale or transacted across the market is undertaken to identify common 'trends' or 'value points' of residential sales values to ensure that the residential sales values ultimately used in the viability assessments to inform policy, are accurate and reflect the housing in the market area. Furthermore, by taken a 'Value Point' approach, it is meant that the value levels considered at each Value Point could, in fact, be found anywhere within the borough. The 'asking' and 'subject to contract' sales prices of all new build properties' was obtained through interviews with estate agents, desktop research and was balanced with properties available for sale throughout the borough. To provide further analysis and more certainty the study included two additional value points which are rarely seen in Merton but would cater for increases and decreases in the economic market.

4.4: The likely payment that an RSL would make for an affordable rented or intermediate tenure home within this modelling was determined through carrying out a series of appraisals using ProVal software which is in widespread use in the RSL sector. For shared ownership accommodation, intermediate housing was based on a 35% initial capital sale (share bought by shared owner) with 2.5% rent paid on the retained equity (the level of rental paid by the shared owner in respect of the freehold share retained by the RSL). These schemes assumed nil grant funding towards affordable housing units.

4.5: The following key assumptions were used in this study⁵:

- **Affordable Housing Target:** 0%, 10%, 20%, 30%, 40% and 50%.
- **Affordable tenure mix:** 70% social rent/ 30% intermediate, 60% social rent/ 40% intermediate and 50% social rent/ 50% intermediate.
- **Schemes tested:** 2, 4, 5, 10, 15, 25, 50 and 80 residential dwellings.

⁴ Link to the AHVS: http://www.merton.gov.uk/environment/planning/planningpolicy/ldf/lb_merton_-_viability_study_final_report_2010.pdf

⁵ To note, this list is not exhaustive.

- **Sizes of dwellings:** Flats: 1 bed flat = 50 sqm, 2 bed flat = 67sqm and 3 bed flat = 90sqm. Houses: 2 bed house = 75sqm, 3 bed house = 85 sqm and 4 bed house 100 sqm⁶.
- **Density⁷:** Based on the dwelling sizes assumed in the study, this provides an indicative density of between 50 and 200 dwellings per hectare (dph) – depending on the types and mixes within the notional schemes.
- **Build costs⁸:** BCIS costs were used.
- **Developers profit⁹:** 17.5%, 21% and 22%.
- **Architects and other professional fees and contingencies:** 12% of build costs.
- **Marketing and Sales Fees:** 5% of Estimate Gross Sales Value.
- **Legal Fees on Sale:** £400 per unit.
- **Finance (build):** 7% on build costs, fees etc over build period.
- **Build period:** 6 to 24 months depending on scheme size within the range assumed.
- **Land Survey Costs:** Approximate cost of £500 per unit including basic ground conditions research.
- **Legal fees on land purchase:** 0.5% of land value.
- **Planning application costs:** Standard charges assumed at £225 per dwelling where the number of dwellings is 50 or fewer; where the number of dwellings exceeds 50 - £16,565 plus £100 per dwelling in excess of 50, subject to a maximum total of £250,000.
- **Stamp duty land tax:** Between 0% and 4% depending on RLV.
- **Wide Planning Obligation (Infrastructure) Payments:** Appraisals carried out assuming £10,000, £15,000 and £20,000 per unit levels of wider planning obligations.
- **Code for Sustainable Homes:** All base appraisals assume compliance with Level 3 of Code for Sustainable Homes and a sample of appraisals was also carried out assuming compliance with Level 4.
- **Additional assumption for 20% reduction in Co2 Emissions:** All base appraisals that assumed compliance with CfSH Level 3 were also subject to an approximate cost for achieving 20% reduction in CO2 emissions.
- **Lifetime Homes:** £545 though recognises that this could be £0 if incorporated at the early design stages.
- **Finance related to land purchase:** 7.0% interest cost on land survey, planning costs, legal fees on land purchase and RLV over build time plus 26 weeks.
- **Land values:** On a wide ranges of land that comes forward for development sourced from Valuation Office Agency and Estates Agency – industrial and other commercial uses and residential uses.

4.6: A range of assumptions were tested for a number of development costs including developer's profits, a range of planning obligations and the different levels for Code for

⁶ The property sizes were selected to be in line with HCA parameters for affordable housing.

⁷ This range is within the parameters of the London Plan Density Matrix for Sub-urban and urban areas.

⁸ Build cost figures have been taken as an indicative level, supported by the consultants experience of scheme specifics and taking account of a range of information from BCIS data (the Build Cost Information Service of the Royal Institution of Chartered Surveyors (RICS)).

⁹ The HCA's Economic Appraisal Tool guide profit level had been 15% prior to the consultants fixing assumptions to be used in the stud. More recently the HCA guide level has been moved up to 17.5% of GDV.

Sustainable Homes to take into consideration future planning policy requirements and economic market cyclical highs and lows.

- 4.7: For sites with a threshold of 10 units or more and bearing in mind the range of values and outcomes, the consultants recommended setting a single target borough-wide target of 40% affordable housing rather than any lower or higher proportions. It was considered that this target would strike an appropriate balance between housing needs levels and the opposing tension of scheme viability.
- 4.8: However for sites with a threshold below 10 units, they conclude that seeking a target of 20% affordable housing equivalent as that provided on-site as cash in lieu payment would be viable. In addition, the target for affordable housing tenure should be no more than 70%/30%: social rented: intermediate housing respectively through with a potential focus on 60%/40% bearing in mind the requirements of the London Plan.
- 4.9: These were the consultant's recommended policy targets. It is made clear that these targets should be sought and that flexibility would need to be applied as it becomes necessary.
- 4.10: The consultants other key findings include that they do not consider that the viability outcomes decline unduly when the cost uplift assumptions tested in respect of increased Planning Infrastructure (to be intermediate £15,000 per unit level assumption), increased Code for Sustainable Homes (CfSH) attainment (to Level 4 but balanced against no additional CO2 emissions reduction allowance) and increased developer's profit are viewed independently. It is therefore unlikely in their view, that as independent factors, such cost additions would normally tip the balance between a site being or not being viable.

Code for Sustainable Homes Level 4 Viability Study (2010) [CSVs]¹⁰:

- 4.11: This document was produced to supplement the Affordable Housing Viability Study (AHVS); aiding interpretation of the viability study and simplifying the results to show only those results that are relevant to the policies contained within the Core Strategy pre-submission document. Alongside the affordable housing requirement, the council required all new development that proposes the creation of new dwellings to achieve Code for Sustainable Homes Level 4.
- 4.12: The AHVS assessed a range of variables in its viability sensitivity analysis, amongst those, varying levels of Code for Sustainable Homes (CfSH) attainment were included. The cost of achieving Code Level 3 attainment alongside a requirement to achieve a 20% reduction in CO2 through the use of decentralised and renewable or low-carbon technologies (hence termed as 'renewables' costs allowance) was used as a base assumption. Though costs to attain Code Level 4 was only tested on a sample basis.
- 4.13: The consultants considered that given the overall costs assumptions used in the viability appraisals were similar for both attaining Code Level 4 and Code Level 3 with an additional 20% renewables allowance), that Merton's AHVS study in effect demonstrated that attaining

¹⁰ Link to CSVs: http://www.merton.gov.uk/environment/planning/planningpolicy/ldf/2010-05-01_viability_of_code_for_sustainable_homes.pdf

Code Level 4 whilst meeting Local Plan requirements, including meeting affordable housing targets was viable. To note, the exact nature and cost of achieving the various levels of the CfSH and any renewable energy elements associated with those will vary enormously site-by-site and even by unit type. However, the assumptions used in the March 2010 study were at the upper end of the likely costs range. Furthermore, the consultants stated clearly that this was consistent with the ethos that was applied throughout the study; not just in relation to the costs assumed for CfSH but also in marketing allowances for other cost areas such as planning infrastructure obligations, for example.

4.14: Following the publication of the AHVS (March 2010), DCLG published Code for Sustainable Homes – A Cost Review (March 2010) providing updated data and likely costs of compliance with each level of the Code. In summary the document demonstrates that there is significant variation in the extra additional costs above the cost of constructing homes to Building Regulations 2006 levels at each Code level. It states that typically, the extra-over costs expressed as a percentage of base build costs are:

- < 1% = Code Level 1
- 1-2% = Code Level 2
- 3-4% = Code Level 3
- 6-8% = Code Level 4
- 25-20% = Code Level 5
- 20-40% = Code Level 6

4.15: Obviously this review could not have been taken into account in the modelling from the AHVS however the costs assumed by the consultants for meeting Code Level 3 fall approximately within the 3-4% extra over costs (varying by unit type) and so would not alter the consultants findings, especially given the highly variable and site specific nature of meeting Code level requirements.

Merton's Preliminary CIL Viability Study (December 2011) [PCVS]¹¹:

4.16: This viability study was completed to assess the viability of the development in the borough and propose a Community Infrastructure Levy (CIL) Charge based on this evidence for the Preliminary draft CIL Charging Schedule.

4.17: Similarly, to the previous studies completed for the London Borough of Merton, this study used the Residual Land Methodology and took into account in its viability analysis, a range of assumptions. However this study for its benchmark land value used the market value approach for assessing the value of land. This is a key difference between this study and other viability studies completed to inform policy requirements in Merton.

4.18: The **Gross Development Values (GDV)** of residential schemes was informed by desktop analyses of market transactions and through discussions with estate agents. A wide range of sales values for both flats and houses were used for Wimbledon, Raynes Park and Colliers Wood and Mitcham and Morden. For non-residential accommodation, desktop analyses was

¹¹ Link to PCVS: http://www.merton.gov.uk/environment/planning/cil/ed014_-_merton_preliminary_viability_evidence_base.pdf

also used to inform the GDV of offices, light industrial, retail and hotels. Other key development assumptions, included in the sensitivity analysis include¹²:

- **Range of Schemes:** For residential units: 2 houses, 2 flats, five houses, five flats, 10 houses, 50 flats and a mixed development of 25 houses and 25 flats. For commercial properties: offices (300 sqm, 600 sqm, 100 sqm and 4,635 sqm), industrial and warehouses space (1,394 sqm and 2,787 sqm) and retail (300 sqm, 500 sqm and 1,000 sqm in Wimbledon town centre and 300 sqm GIA elsewhere in Merton), hotel (80-90 bedrooms).
- **Densities and unit sizes of residential properties:** Flats; 1 bed = 50sqm, 2 bed = 66sqm, 3 bed =85 sqm. Houses; 2 bed =83sqm, 3 bed =92sqm, 4 bed =104 sqm¹³. The gross to net of 85%¹⁴ was used for flatted development.
- **Affordable housing:** For schemes above 10 units, a target of 40% was included with a tenure mix of 60%/40%; social rent and intermediate housing respectively. For developments of less than 10 units, a 20% target equivalent to that provided on site as a cash in lieu payment was included in viability appraisals¹⁵. To take account of government policy, no social housing was included in viability appraisals, instead affordable rent¹⁶ made up fully the social rented % in viability appraisals at 65% of the prevailing market rents.
- **Build costs:** Are based on BCIS information representative of actual prices in the market.
- **Carbon Saving Measures:** For residential schemes Code Level 3 of the Code for Sustainable Homes (CSH) for private and Code Level 4 (CSH) for social housing was assumed in the viability appraisals. For all non-domestic development over 500sqm need to be built to a minimum of BREEAM Very Good standard and meet CO2 Reduction targets in line with London Plan and Merton's Core Planning Strategy.
- **Section 106 obligations:** For schemes comprising 50 units or more, £2,000 per unit was assumed and for schemes below this threshold £500 per unit was included in the viability appraisals.
- **Contingency:** 5%.
- **Road/site works/ external works:** £625k/ha.
- **Fees:** Including Architect (8% of development costs), marketing (£1,000 per residential unit and for non-residential appraisals 10% of the first year's annual rental), sales agent (1% of Gross Development Value), sales legal (circa £500-600 per residential unit and £5,000 - £20,000 per transaction on commercial properties).
- **Finance costs:** For finance, an interest rate of 7% assumed for residential finance costs and an interest rate of 7% used for commercial projects. To take account of unoccupied property rates on commercial property during void period '48.5 pence in the pound'¹⁷ were included in the viability appraisals.
- **Developer's Profit:** Assumed at 20% on costs. To note costs include the residual land value.

¹² To note, this list is not exhaustive.

¹³ This is in accordance with the London Plan requirements.

¹⁴ It was assumed that, on a given apartment development, the London Plan Gross Internal Areas measure are 85% of the equivalent RICS measure, and have altered the viability calculation accordingly.

¹⁵ Policy CS8: Housing Choice of Merton's Core Planning Strategy.

¹⁶ This assumption is based on changes to the Homes and Community Agencies funding policy for affordable housing.

¹⁷ Rates are set by HM Treasury.

- **Benchmark land values:** Were based on comparable market data and a wide variety of land transactions in Merton over the past five years using desktop research and estates agents. Based in this information, nearly all transactions that were reviewed relate to brownfield sites, previously developed for employment (including office, industrial, retail) leisure or housing.

4.20: Following this analysis, Table 1 sets out the recommended CIL charge for Merton:

| CIL Charge | Wimbledon | Raynes Park and Colliers Wood | Mitcham and Morden |
|------------------------------|-----------|-------------------------------|--------------------|
| Residential CIL charge £/sqm | £275 | £100 | £30 |
| Retail Comparison | £100 | 0 | 0 |
| Retail Convenience | £170 | £170 | £170 |

4.21: To note, the recommended CIL charge for residential uses are circa 50% below the ceiling of viability. To take into consideration economic market cyclical lows, a sensitivity analysis was undertaken to assess development viability on a 5 unit residential scheme should residential sales values fall by 15% below current transactions.

Merton’s draft CIL Viability Study (December 2011) [DCVS]¹⁸:

- 4.22: In November 2012, the council completed further viability work which provides more fine grained evidence. This viability study tests the ability of a range of development types throughout Merton to yield contributions to infrastructure requirements through the CIL charge. Levels of CIL have been tested in combination with the Council’s other planning requirements, including the provision of affordable housing.
- 4.23: For Merton’s CIL Viability Study, sales values achieved for new build and re-sale residential properties were researched (via desktop research and through discussions with estate agents) that could be achieved by each postcode in Merton to inform the residential sales values used in the viability assessments which informed the CIL charge. The sales values were organised by postcode and then grouped into five sub-areas; Mitcham, Merton (which includes Colliers Wood, Merton and Raynes Park), Morden, West Barnes and New Malden and Wimbledon.
- 4.24: For sites with a threshold above 10 units or more, a target of 40% was assumed in viability appraisals with a target mix of 60%/ 40%: social rent/ intermediate housing respectively. For sites with a threshold below 10 units, a target of 20% affordable housing equivalent to that provided on site was included in appraisals. For sensitivity analysis to inform the % below the viability ceiling that CIL should be charged included the following tenure assumptions; 60% social rented and 40% intermediate housing (a worst case scenario); 60% affordable

¹⁸ Link to DCVS: http://www.merton.gov.uk/environment/planning/cil/ed004 - cil_viability_study.pdf

rent (with rents averaging 65% of market rents) and 40% intermediate housing; and, 60% affordable rent (with rents averaging 80% of market rent) and 40% intermediate housing. No grant funding for affordable housing was assumed in viability appraisals.

4.25: The following is a list of key development assumptions that was included in the sensitivity analysis¹⁹:

- **Range of Schemes** : For Residential Schemes; 1 house, 5 flats, 10 flats, 25 flats and 25 houses, 50 houses, 80 flats and houses and 100 flats (high density). The density of units per ha ranges from 50 to 200. For commercial schemes a range of 300 to 3,000 sqm for offices and retail were tested. For retail warehouses, industrial and warehousing and hotels schemes of 3,000 sqm were tested. For student housing schemes comprising of 14,250 sqm was tested.
- **Size**: For Residential Schemes; 1 bed flat = 50 sqm, 2 bed flat = 70 sqm, 2 bed house = 85 sqm, 3 bed house = 105 sqm and 4 bed house = 130 sqm.
- **Unit Mix**: For 1 house = 100% 3 bed house; 5 Flats = 100% 2 bed house; for 10 flats = 50% 1 bed flat and 50% 2 bed flat; for 25 flats and houses = 20% 1 bed flat, 20% 2 bed flat, 8% 2 bed house, 40% 3 bed house and 12% 4 bed house; for 50 houses = 50% 2 bed house, 38% 3 bed house and 12% 4 bed house; for 80 flats and houses = 15% 1 bed flat, 23% 2 bed flat, 13% 2 bed house , 37% 3 bed house and 12% 4 bed house; and 100 Flats (high density) = 40% 1 bed flat and 60% 2 bed flat.
- **Build costs**: This is based on BCIS. A 15% allowance on top of build costs is allowed for external works for residential schemes whereas a 10% allowance on top of build costs was assumed for commercial schemes.
- **Gross/ Nets**: Depending on the type of scheme the gross: net of gross ground floorspace for residential schemes varies between 77.5% and 85%. For all commercial analysis the gross: nets of schemes are 82% except for a hotel which is 75%.
- **Contingency**: 5% of Build costs.
- **Code for Sustainable Homes**: An additional 6% on top of build costs is allowed across development to meet Code Level 4. Further sensitivity analysis has been completed to meet Code Level 5.
- **Design Requirements**: Meeting Lifetime Homes standards (£75 per unit for a flat and £235 per house). The cost for meeting the requirement that 10% of units are capable of adaptation to full wheelchair units is a design issues, rather than a cost issue.
- **Professional fees**: An allowance of 10% of build costs. For residential schemes, 3% of Gross Development Viability (GDV) was included to cover marketing costs and an additional £600 per unit is included for legal costs on sales. For commercial fees the letting agents fee was assumed at 10%.
- **Finance costs**: The appraisals incorporate finance costs on land and build costs at a rate of 7% of outstanding balances per annum. Stamp duty at 4% of land costs, agents fees of 1% of land costs and legal fees on land costs of 0.8% have been included.
- **Other Commercial appraisals inputs**: For commercial schemes, a rent free period of 2 years was assumed, a yield depending on the scheme ranging from 6% to 7.25% was used.

¹⁹ To note, this list is not exhaustive.

- **Mayoral CIL:** £35 per sqm.
- **Section 278 and residual Section 106 costs:** A nominal allowance of £1,000 per unit. This amount is appropriate given that the great majority of planning infrastructure obligations will in many cases be swept away by CIL, this figure has been included in recognition of the event that there could be some site specific requirements in respect of some schemes.
- **Development and sales periods:** Development and sales period varies between each scheme. The sales rate in the viability appraisals assumes a sales rate of 4 units per month which is reflexive of current market conditions. In improved market conditions this could increase to 8 units per month.
- **Developer's profit:** 17.5%, 20% and 23% of GDV for residential schemes of development costs and for commercial schemes. 6% only is assumed for affordable housing units as part of residential schemes.
- **Benchmark land value:** This study include the existing land uses on sites that come forward for residential development more often in Merton such as offices, storage and distribution, industrial and sites owned by the council/ community sites, with a 20% premium. For commercial schemes, it is assumed that the site currently accommodates the same use class and the development involves the intensification of that use.

4.26: To note, as detailed in the Merton's CIL submitted Examination Statement²⁰, conservative assumptions were used in this study to inform Merton's CIL Charge.

4.27: To inform the proportion below the viability ceiling that the CIL charge should be, further sensitivity analysis was undertaken to take into consideration cyclical economic market highs and lows – for instance increases and decreases to sales values, developer's profit, build costs and other assumptions. Similarly for commercial uses a range of rents and yields were considered in the viability analysis. This further sensitivity testing was used to inform the 'buffer' or the margin below the viability ceiling that CIL should be charged for in Merton.

4.28: The viability analysis recommended the following CIL charge for Merton:

| Table 2: Recommended CIL charge for Merton's draft CIL Charging Schedule | | | | | |
|--|-----------------------|----------------------------|-----------------|---------|--------|
| Development Type | Proposed CIL rates | | | | |
| | Residential | West Barnes and New Malden | Morden | Mitcham | Merton |
| | £90 | £150 | £115 | £220 | £360 |
| Retail (A1-A5) | Wimbledon Town Centre | | Rest of Borough | | |
| | £100 | | Nil | | |
| Retail Warehouse/ Superstores | Throughout Merton | | | | |
| | £100 | | | | |

²⁰ Link to Merton's submitted Examination Statement 2013:
http://www.merton.gov.uk/environment/planning/cil/merton_council_s_cil_statement_of_representations_09sept2013.pdf

- 4.29: These recommended CIL rates are circa 30% below the CIL viability ceiling for residential uses and circa 76% for retail warehouses/ superstores. Finally, based on these conservative assumptions, it is expected that Merton's proposed CIL would be a modest amount, typically accounting for circa 3% to 4% of the Gross Development Value (GDV) of schemes and other variables will provide more significant in determining the viability of schemes such as movements in sales values, base build costs, professional fees and developer's profit.

Other Studies:

- 4.30: In terms of securing Section 106 obligations (S106), Merton's Section 106 Implementation Evidence (July 2013)²¹ shows that the council's affordable housing target of 40% has been achieved in terms of levels delivered or due to be delivered, and almost achieved in the case of levels secured in the past four years. Furthermore, 77% of schemes have secured the 20% affordable housing target in the last two monitoring years since this policy has come into force. In addition to this, Merton has secured contributions towards education and other infrastructure requirements throughout the last few years.
- 4.31: With regards to viability of the Local Plan, as detailed in Merton's submitted CIL Examination Statement, to meet the requirements of the NPPF and as the status of sites change over time, Merton monitors its housing provision by updating its housing trajectory in its Authority Monitoring Report (AMR). The most recent housing trajectory is provided in Merton's AMR. Analysis of the council's housing trajectory highlights that the majority of sites that will come forward for redevelopment for residential use in the future, (excluding replacement of dwellings, conversions and de-conversions of residential units) include retail, office, industrial, community and council owned sites. These are the land uses that were included in Merton's most up-to-date viability study – Draft CIL Viability Study (November 2012).
- 4.32: Furthermore, Merton's submitted Sites & Policies Plan and Policies Map site allocations; the majority of these proposed allocated uses results in a change of use from B, D1 and sui generis Use Class to residential uses or includes residential uses as part of a mixed use development. Hence, the land uses included in the Draft CIL Viability Study (November 2012) are typical of what comes forward for redevelopment for residential uses in Merton. The study recognises that there may be sites that come forward with uses that are not covered in the study but a wide range of land values has been tested (from £1.1 million up to £8.23 million), with other uses lying within this range.
- 4.33: Therefore, as well as this study showing that levying a CIL charge is viable in Merton, it also shows that Merton's Plan is deliverable.

²¹ Link To Merton's Section 106 Implementation Evidence (July 2013):
http://www.merton.gov.uk/environment/planning/cil/ed006 - s106_evidence_report.pdf

Results of Viability Studies:

- 4.34: These four viability studies (including additional evidence information) demonstrates the general viability of development in Merton throughout the years; as they allow for new policy requirements such as affordable housing, costs to meet Code for Sustainable Home Levels and CIL. Although, the scenarios are based on hypothetical sites, these are typical of sites that come forward for development in Merton. To note, these costs excluding CIL are subject to viability and as such are considered on a site-by-site basis. Similarly other S106 obligations are subject to viability.
- 4.35: These studies show that the council's cumulative policy position would not put the overall delivery of development at risk. Ultimately as these viability studies took account of Merton's Local Plan requirements, considered landowner returns and economic market cycles, they have also provided a good indication of the general viability of development likely to come forward in Merton over the plan period.

Section 5: Policies

- 5.1: This section assesses the cumulative impact of emerging policies on development viability. In Appendix 1: An Assessment of Emerging Policies and their Impact on the Local Plan, a review of policies was completed to identify if they have an impact on development costs. This appendix identifies those policies generating costs that have and have not been modelled in Merton's Viability Studies and furthermore clarifies how these costs could have an impact on development.
- 5.2: This section looks at costs associated with new emerging policies and how these would affect the delivery of Merton's Local Plan. Due to the different requirements set out in each policy, this section focuses on key costs and for more detailed analysis of each policy, please view Appendix 1.

Discussion of emerging policies with potential cost implications

- 5.3: In this section emerging policies have been identified which have not been factored into viability assessments, part of a given planning obligation/ CIL amount nor included as the normal cost of development; thus the potential cost impacts of emerging policy needs to be considered further.
- *Policy DMH4 - Demolition and redevelopment of a single dwelling house:* This cost has not been accounted for in Merton's Viability Studies however it would be a minimal cost on-top of normal build costs. This is a cost that the applicant would need to consider when bringing forward their proposal. Furthermore, these types of developments are not integral to the overall delivery of Merton's Local Plan.
 - *Policy DMH5 – Student housing with shared facilities and bedsits:* As part of purpose built student housing, the council requires floorspace for cultural or arts studios or activities floorspace to be provided. This is a cost that the applicant would need to consider when developing the scheme. However, these types of development are not integral to the overall delivery of Merton's Local Plan and in the last ten years, one 1 student housing development has come forward for development in Merton.
 - *Policy DMD2 – Design considerations in all developments:* For basement development, its ability to meet carbon saving measures have not been included in Merton's Viability Studies. However meeting this requirement would be a minimal cost on-top of normal build costs and this is something that the applicant would need to consider when moving forward with their proposal. Moreover, these types of development are not integral to the overall delivery of Merton's Local Plan.
 - *Policy DMEP1 – Opportunities for decentralised energy networks:* Merton's viability studies have not taken into consideration the impact of providing decentralised energy networks as part of developments in areas identified with the greatest opportunity for these types of developments in Merton or the cost to ensure that developments are connected or are

ready to be connected with the decentralised energy network. However the provision of decentralised energy networks is subject to viability and as there are no decentralised energy networks in Merton, applicants would only currently need to ensure that their developments are ready to be connected to the decentralised energy network. This policy requires infrastructure to be built into the design of developments. Therefore, the cost to meet this requirement may be included as part of the design of the development and also as part of other measures used to meet the required carbon saving levels. Thus depending on how this policy is incorporated into proposals, this policies additional cost may be minimal.

- 5.4: Though these emerging policies may introduce new costs associated with the development of schemes, only Policy DMEP1 has a cost that would need to be taken into account for the majority of new development. However Policy DMEP1 takes into account viability and incorporates flexibility within the policy requirements. Therefore, this new costs associated with these emerging policies should not have a significant adverse impact on the delivery of Merton's Local Plan.

Discussion of other costs:

- 5.5: As shown in Appendix 1, some costs have already been factored into Merton's Viability Studies such as Policies *DMH2: Housing Mix*, *DMH3: Support for affordable housing* and *DMEP3: Allowable Solutions* and thus are proven to not significantly adverse the delivery of Merton's Local Plan.
- 5.6: Other costs have also been factored into viability appraisals as part of a given obligation such as Policies *DMC2: Education for children and young people*, *DMD1: Urban Design and the Public Realm* and *DME4: Local Employment Opportunities*. Though nominal amounts to represent S106 planning obligations/ S278 costs are included in Merton's Viability Studies, securing S106 planning obligations are subject to viability. Also, when Merton's CIL comes into effect the great majority of planning infrastructure obligations will be swept up within CIL and planning obligations are subject to viability. Furthermore, the requirement for specific evidence to support proposals and for development to include design considerations, for instance, are costs that would be included in the normal costs of development, and thus are considered to be included in Merton's Viability Studies. This would be a requirement of the majority of policies set out in Merton's emerging Sites & Policies Plan.
- 5.7: However, there are some parts of policy that may result in additional costs which are necessary to make the proposal acceptable in planning terms. Ultimately, without the appropriate mitigation measures the proposal may not be able to come forward for development. A number of policies in the emerging Sites & Policies Plan have these requirements including *Policy DME3: Protection of scattered employment sites*, *DM01: Open Space*, *DM02: Nature Conservation, Trees, hedges and landscape features*, *DMD1: Urban Design and the Public Realm*, *DMD4: Managing Heritage assets*, *DMEP2: Reducing and Mitigating against noise*, *DMEP4: Pollutants*, *DMF1: Flooding*, *DMF2: Sustainable drainage systems (SUDS) and Wastewater and Water Infrastructure*, *DMT1: Support for sustained transport and active travel*, *DMT2: Transport impacts of development*, *DMT3: Car parking*

and servicing standards, DMT4: Transport Infrastructure and DMT5: Access to the Road Network.

- 5.8: These are additional costs that should be accounted for in developers viability appraisals before the purchase of sites for development particularly if not owned by the applicant and where possible (for instance with flooding, SUDS, noise, pollutants) should be incorporated into the design of the proposal. Some of these policies incorporate flexibility (for instance, scattered employment sites, provision of amenity space). However, some of these requirements in a development appraisals would be considered as exceptional costs associated with the development of a scheme (such as flooding, pollutants, open space) and are non-negotiable. Therefore, applicants/ developers would be encouraged to meet with the council at the early stages of the development process to identify policy requirements which schemes are required to meet.

Overall impacts of emerging policy on Merton's Local Plan:

- 5.9: Therefore, from analysis of emerging policies, the typical site should be able to bear the policy requirements or targets set by the local authority and Merton's emerging policies should not have a significant adverse impact on the delivery of Merton's Local Plan. This is further supported by that during four different consultation periods undertaken for the Sites & Policies Plan and Policies Map, only two viability concerns were raised with the proposed Development Management policies. One representation related to providing the definition of viability when allowing proposals for change of use from public houses and another relating to the restriction of hot food take-aways on Merton's high streets as it may detract from the viability of the area.

Section 6: Sites Allocations

6.1: The Sites & Policies Plan and Policies Map identify 41 sites for development across the borough. The majority of these sites are proposed either for housing or for housing-led developments with other uses. As detailed in paragraph 4.32, the majority of these proposed allocated uses results in a change of use from B, D1 and sui generis Use Class to residential uses or includes residential uses as part of a mixed use development. Once the Sites & Policies Plan is adopted, these sites will be monitored in Merton's AMR Housing Trajectory. The remainder of the sites in Merton's Housing Trajectory have been built, is under construction or has obtained planning permission.

Viability Evidence:

6.2: The council has not undertaken viability appraisals for every site allocated. Such an approach would be impractical given the number of sites and the range of different issues that each site will generate. The consultation process raised two objections to the overall viability of the sites allocated for development. One objection was raised with the viability of D2 use on Sites 35: Mitcham Fire Station and another with the potential impacts of development at Site 37: Wimbledon Greyhound Stadiums on the viability of the designated Local Significant Industrial site in the adjoining borough of Wandsworth. The proposed allocation for Site 35 includes a wide ranges of uses in its allocation, in addition to the D2 Use and concerns with development on Site 37 will be addressed in a planning brief that is required as part of the sites allocation for this site. No objectors raised concerns, in particular, over the potential impact on development viability of employment uses coming forward with housing. More importantly, no landowners of the sites submitted for allocation indicated issues with viability, thus this is clear indication that there is support for these site allocations in terms of viability and that these sites will come forward for development in the plan period.

6.3: The development scenarios tested in Merton's Viability Studies broadly reflect the mix of sites allocated. In particular, Merton's Viability Studies have largely focused on the viability of residential development. As mentioned, the majority of sites identified are either housing or housing-led. Furthermore, the existing uses of many of these sites have been included in these studies viability assessments including; office, industrial, community and council owned land. These existing uses have generally lower land values compared with residential uses. In these circumstances, such sites are more likely to be viable and to come forward for development. The council owns circa a third of the sites allocated. With the council as a landowner, many development uncertainties are likely to be reduced

6.3: Also, Merton's previous viability studies and additional information has provided a general indication of viability in Merton. At the beginning of the Sites & Policies process, the council invited landowners and other keystakeholders to submit sites, with accompanying information (for example, information on the sites ownership and development uses(s) they would like to be developed on the land) to ensure that the site would come forward within the plan period. For sites where land ownership was not known, the council researched the 'Land Registry' to find landowners for sites that were submitted. Each of these sites were

appraised against their suitability, availability and viability throughout the preparation of the Sites & Policies Plan and Policies Map and this information is provided in Deliverability Assessment Evidence Study (2013). The council worked with landowners to obtain this information, and where issues arose with any of the three tests above, subject to information provided; sites were retained or removed from further consideration in the Sites & Policies Plan and Policies Map.

- 6.4: Each allocated site is accompanied by development considerations. Decisions on planning applications on these sites will be made in accordance with these considerations. The site issues identified reflect the requirements of Merton's adopted Core Planning Strategy, proposed development management policies and other statutory policies, legislation and guidance.

Viability of allocated sites:

- 6.5: The council's ability to negotiate on a number of planning requirements, subject to proof of viability, should also ensure that any site-specific viability issues can be addressed. On this basis, the sites allocated for development are generally considered to be deliverable.

Section 7: Conclusions

- 7.1: The NPPF makes clear that local planning authorities should prepare Local Plans that ensure the viability and deliverability of development. In setting out their policy requirements local planning authorities should consider the viability of development and the deliverability of sites allocated; the need to provide competitive returns to landowners and developers and the need to facilitate development throughout the economic cycle.
- 7.2: This paper has demonstrated that the emerging policies proposed, in addition to the sites allocated, within the Sites & Policies Plan will not affect the overall Local Plan viability. The council is also satisfied that, when considered alongside existing policy requirements in the adopted Core Planning Strategy, new policy requirements will not burden development to such an extent that the implementation of the Local Plan is put at serious risk.

Section 8: Appendix

Appendix A: An Assessment of Emerging Policies and their Impact on the Local Plan

This appendix assesses the impact of emerging policies on development viability. A review of policies was completed to identify if they have an impact on development costs. This table identifies those policies generating costs that have and have not been modelled in Merton’s Viability Studies and furthermore clarifies how these costs could have an impact on development. For each policy, potential costs have been considered as follows:

- 1 = These costs have been factored into viability assessments.
- 2 = These costs have been factored into viability assessments as part of a given obligation/ CIL amount.
- 3 = These requirements would be included in the normal cost of development.
- 4 = These requirements are new costs that need to be considered further.
- 5 = These requirements are necessary to make the development acceptable in planning terms and therefore are non-negotiable.
- 6 = Not applicable (N/A).

This table has also identified which policies provide a flexible approach to policy requirements by allowing viability issues to be considered when determining planning applications.

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
|---|----------------------------------|---|--|---|
| DMR1: Location and Scale of development in Merton’s town centres and neighbourhood parades. Cost Impact: 6 | CS1, CS2, CS3, CS4, CS6 and CS7. | This policy indicates the scale and function of development that Merton expects in its town centre and neighbourhood parades. | n/a | Outside of submitting a planning application, there would be no additional cost to meet this policy. |
| DMR2: Development of town centre type uses outside of town centres. Cost Impact: 3 | CS1, CS2, CS3, CS4, CS6 and CS7. | This policy sets the requirements for development of town centre type uses outside of town centres. | -Sequential Test; -Retail Impact Assessment; - May set conditions to control the type of goods sold or type of activity, limit internal development to specify the maximum amount of floorspace permitted or prevent | The cost of both the sequential test and retail impact assessment would fall under professional fees which are part of the normal cost of development and thus would be included in viability appraisals. Retail conditions placed on planning decisions are based on information submitted as part of the impact |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
|---|----------------------------------|---|--|--|
| | | | the amalgamation of small units to create large out-of-centre units, for instance. | assessment and aims to ensure that the proposal would not have a significant impact on the vitality and viability of designated town centres and neighbourhood parades. |
| DMR3: Protecting corner/ local shops. Cost impact: 3 | CS1, CS2, CS3, CS4, CS6 and CS7. | This policy aims to protect local convenience shops and other commercial units in walking distance of residential areas for which there is need, subject to market viability. | Marketing evidence required for change of use. | The cost of the marketing evidence would fall under professional fees which are part of the normal cost of development and thus would be included in viability appraisals. The aim to keep land values low for these uses for a reasonable time period before they revert to higher land use values such as residential uses, complies with the National Planning Policy Framework. |
| DMR4: Protection of shopping facilities within designated shopping frontages. Cost impact: 3 | CS1, CS2, CS3, CS4, CS6 and CS7. | This policy proposes to designate shopping frontages within town centres and neighbourhood parades to accommodate certain uses. | Marketing evidence required for change of use and this may be subject to the % of use(s) that is expected to be retained in the designated shopping frontage. | The cost of the marketing evidence would fall under professional fees which are part of the normal cost of development and thus would be included in viability appraisals. The proposal to designate shopping frontages for specific uses is to protect footfall and ultimately the vitality and viability of town centres and neighbourhood parades. Additionally for neighbourhood parades, the policy aims to keep land values low for commercial uses otherwise they would revert to higher land use values such as residential uses, complies with the National Planning Policy Framework. This proposal also ensures that people can access local convenience shopping within 5 minutes walking distance of their homes. |
| DMR5: Food and drink/ leisure and entertainment uses. Cost impact: 3 | CS1, CS2, CS3, CS4, CS6 and CS7. | This policy aims to ensure that food and drink/ leisure and entertainment uses are located in a suitable location for customers, | -Adequate noise containment measures, waste ventilation, waste disposal, litter management and crime prevention arrangements appropriate to the use and location must be provided. - Marketing evidence is required for | The provision of noise containment measures, waste ventilation, waste disposal, litter management and crime prevention arrangements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. The cost of the marketing evidence |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
|--|----------------------------------|---|--|---|
| | | but do not cause unacceptable environmental or social impacts. This policy also aims to protect public houses and leisure and entertainment facilities for which there is need. | change of use from public houses and leisure and entertainment uses. In addition, for public houses applicants would need to demonstrate that the operation of a public house is no longer viable. | would fall under professional fees which are part of the normal cost of development and thus would be included in viability appraisals. Protecting public houses and leisure and entertainment uses for which there is need aims to keep land values low for a reasonable time period otherwise they would revert to higher land use values such as residential uses, complies with the National Planning Policy Framework. |
| DMR6: Culture, arts and tourism development. Cost impact: 3 | CS1, CS2, CS3, CS4, CS6 and CS7. | This policy aims to provide additional and to protect arts, culture and tourist development in the borough. To also ensure that these uses are located in a suitable location. | -Adequate design, noise containment measures and to ensure that the amenity to neighbours will not be harmed by disturbance, loss of light or privacy. -Subject to policy, marketing evidence is required for change of use from culture, arts and tourist accommodation. | The provision of adequate design would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. When required, the cost of the marketing evidence would fall under professional fees which are part of the normal cost of development and thus would be included in viability appraisals. Protecting culture, art and tourist accommodation for which there is need aims to keep land values low for a reasonable time period otherwise they would revert to higher land use values such as residential uses, complies with the National Planning Policy Framework. |
| DMR7: Markets. Cost Impact: 6 | CS1, CS2, CS3, CS4, CS6 and CS7. | The policy aim is to maintain and improve existing markets and to support new markets in appropriate locations. | n/a | Outside of submitting a planning application, there would be no additional cost to meet this policy. |
| DMH1: Supported care housing for vulnerable people or secure residential institutions for people housed as part of the criminal justice | CS8 | Setting out the policy criteria for the development and protection of housing with different levels of support or care. | -The provision of safe and secure environment, adequate level of amenity space and the provision of adequate parking facilities. -The accommodation complies with all relevant standards for that use. -Evidence to justify the loss of | Meeting the design requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Evidence required to justify the loss of accommodation would fall under professional fees which are included within the normal cost of development and thus would be included in viability |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
|---|------------------------|--|--|--|
| system. Cost impact: 3 | | | accommodation; showing replacement for existing accommodation, surplus of accommodation or the existing accommodation is incapable of meeting relevant standards. -Proposals that would result in the loss of these uses would need to provide equivalent amount of residential floorspace or permanent self-contained housing in residential use (C3 Use Class). | appraisals. If the loss of these uses is permitted, the applicant would be required to provide the equivalent amount of residential floorspace provided (within the C3 Use Class), which is a higher land value than the existing use and thus is not a viability issue. |
| DMH2: Housing Mix. Cost impact: 1 | CS8 | This policy aims to provide a range of dwellings sizes and types to meet the needs of different households in Merton. | To take account the borough level indicative proportions concerning housing mix: 1 bed = 33%, 2 bed = 32% and 3 bed =35%. | This policy would have a cost impact for a developer however the implementation of the policy is subject to viability and this cost would be included in the normal cost of development. This housing mix has also been accounted in Merton's viability studies. |
| DMH3: Support for affordable housing. Cost impact: 1 | CS8 | To clarify Merton's adopted affordable housing policy; due to the introduction of the governments "affordable rent" product and the proposed Revised Early Minor Alterations to the London Plan (June 2012). | This policy clarifies that the new affordable rent tenure will be part of the 60% social rented tenure, as opposed to the 40% intermediate tenure, of the overall affordable housing units secured. Detail on the council's legal requirements in relation to the delivery of this policy will be set out in Merton's emerging Planning Obligations SPD. | This policy would have a cost impact for a developer however the implementation of Merton's affordable housing policy is subject to viability and Merton's viability studies takes into consideration affordable rent as part of the social rented tenure. |
| DMH4: Demolition and redevelopment of a single dwelling house. | CS15 | This policy proposes that for the demolition and replacement of one dwelling needs to meet higher sustainability | -Limiting CO2 emissions from the operation of the dwelling and its design and improving the fabric energy efficiency performance in accordance with Code for Sustainable Homes 5. | This policy would have a cost impact for a developer however there are no material social, environmental or economic benefits from the demolition of a structurally sound single dwelling and its replacement with another single dwelling. To note, it is also being |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
|--|------------------------|--|--|--|
| Cost impact: 4 | | standards, where viable. | - Making effective use of resources and materials in line with Core Planning Strategy CS15 (part a). | proposed by government for self-build housing, which from Merton's experiences is that the majority of these types of proposals are self-build, would be exempt from CIL. Similarly, Merton's affordable housing policy on sites below 10 units would not apply in these circumstances, as it only applies on net additional dwellings. Therefore, though there would be cost associated with this policy, it would be minimal cost on-top of normal build cost and this is something that the applicant would need to consider when moving forward with their proposal. |
| DMH5: Student Housing, with shared facilities and bedsits. Cost impact: 4 | CS8 | Setting out policy criteria for the development and protection of student housing, other housing with shared facilities and bedsits. | <ul style="list-style-type: none"> -Complies with all relevant standards for that use. -Proposals that would result in the loss of these uses would need to provide equivalent amount of residential floorspace or permanent self-contained housing in residential use (C3 Use Class). <i>(student use only)</i> -Provides purpose build dedicated floorspace that is managed for cultural or arts studios or activities. -Includes a range of layouts including those with shared facilities. -Has an ownership or management in place with the recognised higher educational authority otherwise will be subject to affordable housing. -Evidence to justify the loss of accommodation; surplus of accommodation or the existing accommodation is incapable of meeting relevant standards. | Meeting the design requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Evidence required to justify the loss of accommodation would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. If the loss of these uses is permitted, the applicant would be required to provide the equivalent amount of residential floorspace provided, which is a higher land value than the existing use and thus is not a viability issue. As part of proposals for purpose built student housing, the council requires floorspace for cultural or arts studios or activities floorspace to be provided. This is an additional costs that the applicant would need to take account of in their viability appraisals. |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
|---|------------------------|---|--|---|
| <p>DMC1: Community Facilities.</p> <p>Cost impact: 3</p> | CS11 | | <ul style="list-style-type: none"> -To ensure that services are co-located where possible. -That facilities are well designed to be adaptable and suitable for a wide range of uses. - Appropriate access and parking facilities are provided and does not harm amenity of neighbouring properties. -Evidence required to justify loss of use includes that the loss would not result in a shortfall of facilities and marketing evidence. | The provision of adequate design and to ensure that amenity to neighbours will not be harmed would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Evidence required to justify the loss of accommodation, including marketing evidence, would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. The aim to protect community facilities for which there is need aims to keep land values low for a reasonable time period otherwise they would revert to higher land use values such as residential uses, complies with the National Planning Policy Framework. |
| <p>DMC2: Education for children and young people.</p> <p>Cost Impact: 2</p> | CS11 | This policy sets the criteria for the provision of new and loss of primary schools and Children's Day Care Centres. | <p><i>(Schools)</i></p> <ul style="list-style-type: none"> -Large development sites which will result in a substantial increased need for school place will need to incorporate provision for a new school in the proposal site. -The loss of a school would be justified where evidence demonstrated that the loss of school would not result in a shortfall of facilities. <p><i>(Children's Day Care Centres)</i></p> <ul style="list-style-type: none"> - Appropriate access and parking facilities is provided and should not have an undue adverse impact on the amenities of neighbours. -Evidence required to justify loss of use includes that the loss would not result in a shortfall of facilities and marketing evidence. | The provision of car parking and to ensure that amenity to neighbours will not be harmed would usually be expected as part of any well-planned development and these costs would be included with the normal cost of development. Evidence required to justify the loss of facilities would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. The aim to protect education and child care facilities for which there is need aims to keep land values low for a reasonable time period otherwise they would revert to higher land uses such as residential uses, complies with the National Planning Policy Framework. The requirement to provide a new school for large development proposal sites may be secured through Planning Obligations and this cost requirement will be subject to viability. |
| DME1: Employment in | CS5, CS7, | This policy aims to | -Adequate design and parking, not | The provision of adequate design and parking, not |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
|--|------------------------|--|---|--|
| Merton Cost impact: 3 | CS12 | ensure that there is an adequate supply of suitable sites and premises in locations that optimise opportunities and co-locational advantages for businesses and minimise negative effects on other uses. | unacceptably affecting the operation of neighbouring businesses and not adversely affecting traffic movement or road safety. - Travels plans and other appropriate measures may be required. | unacceptably affecting the operation of neighbouring businesses and not adversely affecting traffic movement or road safety would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. By having town centres and designated employment sites which allows for similar businesses, operations and activities to locate together keeps land values low for these uses otherwise they would revert to higher land use values such as residential uses. The cost of travel plans and considering other measures would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. |
| DME2: Offices in town centres Cost impact: 3 | CS7, CS12 | This policy aims to protect office uses in the town centres for which there is need. | -Not unacceptably affecting the amenity of nearby residents, road safety nor creating significant car parking problems. -Marketing evidence is required for change of use from office use. | Not unacceptably affecting the amenities of nearby residents, road safety nor creating significant car parking problems would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. The cost of the marketing evidence would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. Protecting offices in town centres for which there is need aims to keep land values low for a reasonable time period otherwise they would revert to higher land use values such as residential uses, complies with the National Planning Policy Framework. |
| DME3: Protection of scattered employment sites Cost impact: 5 | CS12 | This policy aims to protect employment uses on scattered employment sites for which there is need. | -Marketing evidence is required for change of use from employment uses. - Evidence to demonstrate that the site is located in a residential area, that its size and operation is having a significant effect | The cost of marketing evidence, in addition to other evidence, would fall under professional fees which are included within the normal cost of development and this would be included in viability appraisals. Protecting scattered employment sites for |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
|---|------------------------|---|--|---|
| | | | <p>on local residential amenity and that the characteristics of the site make it unsuitable and financially unviable for whole-site employment use, is required.</p> <p>-Should marketing evidence not be provided, employment uses would need to be provided on-site as part of a mixed use scheme or alternatives sites for employment use should be provided (i.e. land swaps).</p> | <p>employment uses aims to keep land values low for a reasonable time period otherwise they would revert to higher land use values such as residential uses. Should the applicant fail to meet the marketing requirements, the council expects for the provision of employment on-site or provided elsewhere on alternative sites. This is a cost that the applicant would need to consider when developing their site. This requirement would be sought to make the planning permission acceptable in planning terms and if this is not provided, the proposal would not be able to come forward for development. But the policy is flexible as it allows the applicant to choose providing marketing evidence or to provide employment elsewhere.</p> |
| <p>DME4: Local Employment Opportunities</p> <p>Cost Impact: 2</p> | CS12 | <p>This policy aims to improve the range and number of employment opportunities for Merton's residents from new developments either during the construction of development or in the resultant end-use.</p> | <p>-Proposals over 10 units or more for residential schemes / 1,000 square metres for commercial schemes are to contribute towards increasing employment opportunities in the borough by providing jobs, apprenticeships, work experience or procuring local companies in the supply chain for instance.</p> <p>- The different employment contribution levels that the council expects from new developments are set out in policy Appendix H.</p> <p>-For larger schemes, a local employment strategy setting out measures for how training and employment can be accessed by local residents may be secured through planning condition.</p> | <p>This policy would have a cost impact for a developer however the implementation of the policy is subject to viability.</p> |
| DM01: Open Space | CS5, CS13 | To protect and enhance | -Support the creation of new open spaces | The aim to protect MOL and Open Space aims to keep |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| <p>Cost impact: 5</p> | | <p>open space. This policy sets criteria for when the loss of open space will be permitted.</p> | <p>as part of major developments, where suitable and viable.</p> <p>-Loss of open space would require evidence including an assessment showing that the open space is surplus to requirements, alternative sports facilities are provided or the existing provision is replaced by equivalent or better provision in terms of quantity and quality. These proposals would need to be high quality, not harm the character, appearance and function of the open space and improves accessibility.</p> <p>-Development in proximity to MOL should not have an impact on MOL or designated open space.</p> | <p>land values low otherwise they would revert to higher land use values such as residential uses, complies with meeting the National Planning Policy Framework. Major schemes are expected to provide new open spaces as part of developments. This policy requirement is subject to viability. Meeting the design requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Evidence required to justify the loss of open space would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. Alternatively, the applicant could provide alternative sports facilities or replace the existing provision by equivalent or better provision. This would ordinarily be a condition to secure the planning application and would result in an additional cost that the developer should account for in their development appraisal when bringing sites forward for development. This cost would be considered as an exceptional cost associated with the development of the Scheme. However this requirement would be sought to make the planning permission acceptable in planning terms and if this is not provided, the proposal would not be able to come forward for development. Appendix 3 of Merton's Examination Statement shows that the land use/ land values for which typical existing land values were calculated as a benchmark for comparison with scheme residual values in Merton's draft Viability Study (November 2012), is typical of the sites to deliver the majority of residential units required in the borough over the plan period. Provision of open space</p> |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| | | | | makes up a small proportion of land expected to come forward for residential development. |
| DM02: Nature Conservation, Trees, hedges and landscape features Cost impact: 5 | CS13 | To protect trees, hedges and other landscape features of amenity value and to secure suitable replacements in instances where their loss is justified. | -Developments expected to retain, where possible, hedges, trees and other landscape features of amenity value. - Evidence required to justify the loss of features of amenity value include demonstrating that the removal of a tree is in the interest of good arboriculture practice and that the development outweighs the trees amenity value. Replacement of amenity feature(s) will be secured through the use of condition or planning obligations or direct replacement of amenity feature(s). Direct replacement of amenity feature(s) should be an appropriate native species to the UK. | Retaining amenity features would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Evidence required to justify the loss of features of amenity value would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. Alternatively, the applicant could provide a replacement amenity feature native to the UK. This would ordinarily be a condition to secure the planning application and would result in an additional cost that the developer should account for in their development appraisal. Alternatively, the council could seek the amenity feature through planning obligations and this cost will be subject to viability. |
| DMD1: Urban Design and the Public Realm Cost impact: 5 | CS1, CS2, CS3, CS4, CS5, CS6, CS7, CS14 | This policy aims to ensure high quality design of buildings and places in the borough. | -All development amenity space should enhance biodiversity. -All development should be able to deliver public realm improvements: improve the quality of street furniture, lighting, landscape treatments, surfacing materials and signage as part of the development site or through environmental improvements schemes. - The provision of public art in the public realm will be sought for larger developments and enhancements. - A design and access statement setting out | The cost of providing a Design and Access Statement would fall under professional fees which are part of the normal cost of development and thus would be included in viability appraisals. Delivering public realm improvements and enhancing biodiversity would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement. The provision of public art will be provided through S106 obligations and this cost would be subject to viability. |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| | | | how the design has been arrived at is required. | |
| <p>DMD2: Design Considerations in all development</p> <p>Cost impact: 4</p> | CS13, CS14, CS15, CS16 | This policy aims to ensure that all development will achieve high quality design and to protect amenity. | <p>- A design and access statement setting out how the design has been arrived at is required.</p> <p>-All new build accommodation should be the minimum space standards set out in the London Plan (Policy 3.5, 4.5 & 7.7) including 10% of accessible units/ bedrooms for hotels/ residential dwellings.</p> <p>-To provide layouts that are safe, secure and take account of crime prevention and are developed in accordance with Secured by Design principles.</p> <p>-Ensure appropriate provision of outdoor amenity space which accords with the following minimum standards: a minimum requirement of 50smq garden space for new houses and for flatted dwellings a minimum of 5sqm of private outdoor space to be provided for 1-2 bed person flat (Mayor’s Housing SPG 2012) and an additional 1sqm to be provided for each occupant.</p> <p>-Ensure provision of appropriate levels of sun/ day light and quality of living conditions.</p> <p>- To protect new and existing development from noise, vibrations, visual intrusion or pollution.</p> <p>-Ensure the provision of appropriate energy efficient external lighting.</p> <p>-Ensure that landscape forms an integral</p> | <p>The cost of evidence (including a Construction Management Plan) would fall under professional fees which are part of the normal cost of development and thus would be included in viability appraisals. Ensuring that developments are well designed would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Though additional cost may be required to incorporate SUDS due to the use of porous materials. However these additional costs would be included in Merton’s viability appraisals due to the conservative assumptions used. Ensuring that new residential buildings meets the London Plan’s minimum space standards including wheelchair accessible standards has been taking into consideration in Merton’s viability assessments, including those required for commercial buildings. Ensuring that schemes are meeting Merton’s provision of amenity space standards should be incorporated into the early stages of the proposal’s design. Failure to meet these requirements is considered on a site-by-site scheme; considered against the overall feasibility to achieve these standards whilst retaining the schemes viability. Making carbon saving measures is a mandatory requirement and adds cost to a development scheme. Since 2008, schemes are required to make % carbon saving measures. In Merton’s viability assessments, costs to meeting Code 3, Code 4 & Code 5 have been included. However, basement development and its ability to achieve these carbon saving measures have not been included in</p> |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| | | | <p>part of any new development where appropriate. This may be sought via planning condition.</p> <ul style="list-style-type: none"> -Ensure highest practical standards of access including for people with disabilities. <p>(Basements and subterranean developments)</p> <ul style="list-style-type: none"> -Ensure the structural stability of the application building and neighbouring buildings via Construction Method Statement, Hydrology Report, may require Land Stability Investigation (only when there is land stability issues) and via planning condition a Demolition and Construction Management Plan. -Include a Sustainable Urban Drainage Scheme. -Make the fullest contribution to mitigating the impact of climate change by meeting the carbon reduction requirements of the London Plan. | <p>Merton's viability appraisals – as these types of development are not integral to the overall delivery of Merton's Local Plan. Applicants would need to take into consideration when developing basements, the cost of meeting carbon energy saving levels.</p> |
| <p>DMD3: Alterations and extensions to existing buildings</p> <p>Cost impact: 3</p> | CS14 | <p>This policy aims to ensure that alteration or extensions to existing buildings will achieve a high quality design.</p> | <p>Proposals need to:</p> <ul style="list-style-type: none"> -Complement detail and design of original building. -The use of external materials appropriate to the original building and surroundings. - Ensure dormer windows respect character of the original building. -Ensure that roof forms and materials are appropriate for the original building. | <p>Ensuring that developments are well designed would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development.</p> |
| <p>DMD4: Managing heritage assets</p> | CS1, CS2, CS3, CS4, CS5, CS6 | <p>This policy aims to conserve and, where</p> | <ul style="list-style-type: none"> -To meet requirements set out in NPPF, Historic Environment Planning Practice | <p>Ensuring that developments are well designed would usually be expected as part of any well-planned</p> |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| Cost impact: 5 | and CS14 | appropriate, enhance Merton's heritage assets and distinctive character. | Guide, the London Plan, English Heritage Guidance, Merton's Conservation Area Character Appraisals and Management Plans and the Borough Character Study. -Provide a Heritage Statement setting out how the proposal conserves and enhances the assets in terms of architectural or historic and its setting. -The loss or substantial harms of heritage assets only in exceptional circumstances subject to criteria. -When significant harm is caused, the developer may be required to conserve or reinstate features that contribute to the heritage asset and the removal of harmful alterations. | development and these costs would be included within the normal cost of development. The cost of providing a Heritage Statement, in addition to other evidence, would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. If developers need to reinstate features that contribute to the heritage asset and the removal of harmful alterations, this would be an exceptional costs associated with the development of the scheme and is not considered in Merton's viability studies. Though this could be costly, it would be up to an applicant to consider if they choose to bring a scheme forward for development, knowing that they would need to conserve, enhance, reinstate and remove harmful alterations to features of heritage assets. This requirement would be sought to make the planning permission acceptable in planning terms and if this is not provided, the proposal would not be able to come forward for development. |
| DMD5: Advertisements Cost Impact: 6 | CS14 | This policy aims to ensure that advertising does not harm the character of an area, amenity of public safety. | n/a | Outside of submitting a planning application, there would be no additional cost to meet this policy. |
| DMD6: Telecommunications Cost impact: 3 | CS14 | This policy aims to minimise the adverse impacts on the visual amenity and environmental amenity and public safety of proposals for telecommunications. | -Proposals would need to meet with International guidelines, relevant Government Guidance, Merton's Design SPD and the Borough Character Study. -Telecommunications should be sited unobtrusively. | Ensuring that developments are well designed would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| DMD7: Shop front design and signage Cost impact: 3 | CS14 | The policy aims to ensure that proposals for new shop fronts, alterations or shop fascias relate to the scale and character of the building and enhance the street scene. | -Retain or restore shop fronts. - Require original features to be preserved subject to criteria. -Retain or restore separate access to the upper floors. -Provide satisfactory access for people with disabilities. | Ensuring that developments are well designed would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. |
| DMEP1: Opportunities for decentralised energy networks2222 Cost impact: 4 | CS15 | This policy identifies areas in the borough where new decentralised energy networks could be established to reduce carbon emissions. | -Identifies area's in Merton where there is the greatest opportunity for decentralised energy networks to be pursued higher than renewable energy solutions to reduce carbon emission, subject to viability. -Developments in these areas will be expected to or be ready to connect to the decentralised energy network. | As there are currently no decentralised energy networks in Merton, applicants would need to ensure that their developments are ready to connect to the decentralised energy network. The cost to meet this requirement may be included as part of the design of the development and as part of measures used to meet the required carbon saving level. This cost however is subject to viability. The cost of providing evidence to justify not meeting this requirement would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. |
| DMEP2: Reducing and Mitigating against noise Cost impact: 5 | CS15? | This policy ensures that impacts on neighbouring properties due to noise and or vibration are minimised. | -The council may require a Noise Impact Assessment. -Where appropriate, suitable mitigation measures against impact will be sought through condition or planning obligations. | The cost of providing a Noise Impact Assessment would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. Measures required to mitigate against impacts on noise pollution may be achieved through design, planning obligations or conditions placed on a planning application. Only measures sought through planning obligations will be subject to viability. Measures sought through planning condition may be are required to make the planning permission acceptable in planning terms and if this is |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| | | | | not provided, the proposal would not be able to come forward for development. |
| DMEP3: Allowable Solutions Cost impact: 1 | CS15 | This policy ensures that carbon savings have a community benefit by setting up a professional body to guide Merton's Allowable Solutions projects. | -To provide carbon saving measures only on site or off-site locally or nationally. - The allowable solutions proposed to ensure that they are the most effective with benefiting the local community group, may be reviewed by the Allowable Solutions Working Group which views then becomes a material consideration. | Making carbon saving measures is a mandatory requirement and adds cost to a development scheme. Since 2008, schemes are required to make % carbon saving measures. In Merton's Viability Studies, costs to meeting Code 3, Code 4 & Code 5 have been included. This policy proposes flexibility by allowing applicants to meet costs on-site or off-site. Off-site contributions will be secured via S106 obligations. |
| DMEP4: Pollutants Cost impact: 5 | | This policy seeks to minimise the impact of new development on air, land, light, noise and water during the construction of the development and the lifetime of the completed development. | - Development that may have an adverse impact on local air quality may require an Air Quality Impact Assessment so that its possible impact can be considered. Measures required will be sought through negotiation on the scheme, through planning obligations or conditions. - Development on a site within close proximity or known to be contaminated will require a site assessment to establish the nature and extent of contamination. Unless effective measures are taken to treat or control contamination, development should not be permitted. -Planning Authorities must consult the Health and Safety Executive (HSE) on planning applications near or relating directly to Hazardous Gas Installation. | The cost of providing evidence would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. Measures required to mitigate against impacts on pollution may be achieved through design, planning obligations or conditions placed on a planning application. Only measures sought through planning obligations will be subject to viability. Measures sought to treat contaminated land are required to make the planning permission acceptable in planning terms and if this is not provided, the proposal would not be able to come forward for development. Similarly, for proposals located near on Hazardous Gas Installations would need to meet their requirements otherwise the proposals would not be able to come forward for development. |
| DMF1: Flooding Cost impact: 5 | CS16 | To minimise and to mitigate against the impact of flooding in | -Applicants should have regard to Merton's Strategic Flood Risk Assessment and Local Flood Risk Management | The cost of providing a Sequential Test, Impact Assessment and Flood Risk Assessment, in addition to other evidence required, would fall under professional |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| | | Merton. | <p>Strategy.</p> <ul style="list-style-type: none"> -In flood risk areas, applicants will be required to submit a Sequential Test, Impact Assessment and a Flood Risk Assessment. -Ensure that flood resilient and resistant measures are incorporated into design of development proposals in any areas susceptible of flooding or for larger areas of flooding mitigation may be secured via S106 planning obligation. -The Environment Agency will be consulted on all applications for developments within a flood risk zone including basements. | <p>fees which are included within the normal cost of development and thus would be included in viability appraisals. Ensuring that developments are well designed to mitigate against flooding would result in an additional cost the development should account for in their development appraisal. However this requirement would be sought to make the planning permission acceptable in planning terms and if this is not provided, the proposal would not be able to come forward for development. However, in some circumstances, a contribution towards a flooding mitigation project in the area could be required via S106 obligations, which would be subject to viability.</p> |
| <p>DMF2: Sustainable draining systems (SUDS) and; Wastewater and Water Infrastructure</p> <p>Cost impact: 5</p> | | <p>To help reduce the overall amount of rainfall being discharged into the drainage system to reduce the borough's susceptibility to surface water flooding and to reduce water use.</p> | <ul style="list-style-type: none"> -All new developments have to consider SUDS and demonstrate sustainable approaches to the management of SUDS in line with National SUDS standards. -Seeking mitigation measures against flooding from all sources; and surface water run-off through the inclusion of SUDS. -Require development to demonstrate the maintenance and long-term management of SUDS through a SUDS Management Plan. -Where feasible, requiring developer to incorporate soft landscaping and permeable surfaces into all new developments. -Requiring development proposals to demonstrate that the local public | <p>The cost of providing evidence including a SUDS Management Plan would fall under professional fees which are included within the normal cost of development and thus would be included in viability appraisals. Requiring new water supply, sewerage or waste water treatment infrastructure, incorporating soft landscaping and permeable surfaces and other mitigation measures within schemes could be included as part of any well-planned development and these costs would be included within the normal cost of development. These requirements may be subject to viability. Depending on the location of these requirements, they may be sought through planning condition, S106 obligations or other legal agreement. Requiring development proposals not to have an adverse impact on water is mandatory and is required to make the development acceptable in planning terms and if this is not adhered to, the proposal would not be</p> |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| | | | <p>sewerage has adequate capacity to serve the development and existing development.</p> <ul style="list-style-type: none"> - Requiring any development proposals with adverse impact including potential water pollution to be refused. -Requiring any new water supply, sewerage or waste water treatment infrastructure to be in place prior to occupation of the development. | able to come forward for development. |
| <p>DMT1: Support for sustainable transport and active travel</p> <p>Cost impact: 5</p> | CS18, CS19 | This policy promotes sustainable transport modes of travelling in new developments. | <ul style="list-style-type: none"> -To secure improved and better access to public transport facilities. -To provide cycle parking in line with standards set out in the London Plan. -To enhance existing walking and cycling routes and provide or enable new conditions and/ or land where gaps or barriers to movement are identified. | Meeting transport requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Subject to outcomes of the Travel Plan, for instance or other required transport documents, additional measures required to mitigate against the impact of the development will be secured through S106 obligations, conditions and other legal agreements. Viability is considered on a site-by-site basis though some transport requirements may be necessary to make the development acceptable in planning terms and if this is not provided, the proposal would not be able to come forward for development. Costs towards S106 and S278 have been included in Merton's viability appraisals. |
| <p>DMT2: Transport Impacts of development</p> <p>Cost impact: 5</p> | CS18, CS19, CS20 | This policy aims to ensure that development is sustainable and has minimal impact on the existing transport infrastructure and local environment. | <ul style="list-style-type: none"> -To demonstrate their impact on the transport networks through the provision a Transport Assessment and Travel Plan in line with TfL referral thresholds. -Smaller developments will be required to demonstrate potential impacts through a Transport Statement. | Meeting transport requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Subject to outcomes of the Travel Plan, for instance or other required transport documents, additional measures required to mitigate against the impact of the development will be secured through S106 obligations, conditions and other legal |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| | | | | agreements. Viability is considered on a site-by-site basis though some transport requirements may be necessary to make the development acceptable in planning terms and if this is not provided, the proposal would not be able to come forward for development. The cost of providing a Transport Assessment, Travel Plan and Transport Statement would fall under professional fees which are part of the normal cost of development and thus would be included in viability appraisals. Costs towards S106 and S278 have been included in Merton's viability appraisals. |
| DMT3: Car parking and servicing standards Cost impact: 5 | CS20 | This policy sets out parking requirements for new proposals and criteria for proposals for change of use from car parks to other uses. | <ul style="list-style-type: none"> -London Plan car parking standards required. -Permit free residential development will be approved where there is evidence showing that this will not had an adverse effect on the level of on-street parking. -Parking spaces to be allocated for each use as part of the development. -Disabled and electric vehicles parking spaces should be provided in line with the London Plan. -Short stay car parking for commercial developments takes into account the council's criteria. -Provision for loading and servicing is in accordance with Freight Transport Association unless exempt. -Evidence to justify the loss of car parking showing that it is surplus to requirements. | Meeting transport requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Subject to outcomes of the Travel Plan, for instance or other required transport documents, additional measures required to mitigate against the impact of the development will be secured through S106 obligations, conditions and other legal agreements. Viability is considered on a site-by-site basis though some transport requirements may be necessary to make the development acceptable in planning terms and if this is not provided, the proposal would not be able to come forward for development. The cost of evidence supporting that proposals meet policy would fall under professional fees which are part of the normal cost of development and thus would be included in viability appraisals. |
| DMT4: Transport Infrastructure | CS19 | To protect public transport infrastructure where existing facilities | -Loss of sites/land serving transport functions or safeguarded for transport uses requires evidence to show that it is no | Meeting transport requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost |

| Proposed Policy & Key cost code | Core Planning Strategy | Purpose of Policy | Associated Requirement/ Standard | Summary of Cost Consideration |
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| <p>Cost impact: 5</p> | | <p>and to ensure that new public transport facilities and infrastructure is provided to support economic growth.</p> | <p>longer required now or in the future, equivalent provision is made elsewhere, consultation with key stakeholders has been undertaken and that during any interim period transitional arrangements will be requested through planning obligation or condition. -Land for new transport facilities and other infrastructure needs will be required where shortfalls have been identified to accommodate future growth.</p> | <p>of development. Additional measures required to mitigate against the impact of the development will be secured through S106 obligations, conditions and other legal agreements. Viability is considered on a site-by-site basis though some transport requirements may be necessary to make the development acceptable in planning terms and if this is not provided, the proposal would not be able to come forward for development.</p> |
| <p>DMT5: Access to the Road Network</p> <p>Cost impact: 5</p> | <p>CS18, CS19 & CS20</p> | <p>To ensure that developments have minimal impact on the highway network.</p> | <p>-Ensure that new public roads or footways are constructed to adoptable standards and accessible for people with mobility problems. -Delivery of high quality, inclusive environment and public places in accordance with the Department -That vehicle crossovers must satisfy the requirements detailed in Merton's Vehicle Crossover Information Park.</p> | <p>Meeting transport requirements would usually be expected as part of any well-planned development and these costs would be included within the normal cost of development. Subject to outcomes of the Travel Plan, for instance or other required transport documents, additional measures required to mitigate against the impact of the development will be secured through S106 obligations, conditions and other legal agreements. Viability is considered on a site-by-site basis though some transport requirements may be necessary to make the development acceptable in planning terms and if this is not provided, the proposal would not be able to come forward for development. Costs towards S106 and S278 have been included in Merton's viability appraisals.</p> |

Appendix 2: List of Sites Proposed for Allocation in Merton's Sites & Policies DPD (accurate as at the 18 September 2013)

| Site Proposal Number | Name of Site | Site Owner | Existing Use | Proposed Use |
|----------------------|------------------------------------|-------------------|--|---|
| 01 | P3 Hatfield Road | Council owned | Surface Car Park. | Any of the following or an appropriate mix of town centre type uses such as retail (A1 Use Class), café and restaurants (A3 Use Class), community (D1 Use Class), cultural, leisure and entertainment (D2 Use Class), offices (B1[a] Use Class) and hotel (C1 Use Class). The site may incorporate residential development (C3 Use Class) on upper floors. |
| 02 | Palestine Grove | Private Landowner | Vacant Former Workshop. | Residential. |
| 05 | Colliers Wood and Community Centre | Council Owned | Community Centre. | Mixed use community (D1 Use Class, which could include space for a library) and residential (C3 Use Class). Could also include commercial uses such as a café on street frontage. |
| 08 | Leyton Road Centre | Council Owned. | Offices. | Any of the following or a mix of community (D1 Use Class – education/ day centre etc) and residential (C3 Use Class). |
| 09 | Mitcham Library | Council Owned. | Library and other community facilities. | Library to be retained and improved (either on site or closer to Mitcham town centre). The remainder of the site considered for an approximate mix or any community (D1 Use Class), office (B1[a] Use Class) or residential (C3 Use Class) uses. Small town centre uses (less than 280m ²) would be suitable given the edge of centre location. |
| 14 | Taylor Road Day Centre | Council Owned. | Day Centre. | Mixed use community (D1 Use Class) and residential (C3 Use Class) or solely residential (C3 Use Class) if the community service is provided elsewhere. |
| 15 | West Barnes Library | Council Owned. | Library. | Library (D1 Use Class) with residential (C3 Use Class) on upper floors. |
| 17 | Worsfold House | Council Owned. | Council offices (Worsfold House – currently used for resident training), school use (Chapel Orchard) and a former surgery. | A suitable mix of school (D1 Use Class) and/ or residential (C3 Use Class). |
| 18 | 60 Pitcairn Road | Private | Vacant – last use was for small business (approx 10 | Residential. |

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| | Landowner | years ago). | |
| 20 | Wilson Hospital | NHS | Health clinics relating to mental health, drugs and early intervention, and a GP surgery (D1 Use Class). |
| | | | Mixed use nursing home (C2 Use Class), residential (C3 Use Class), community and health (D1 Use Class) – Sutton and Merton PCT. |
| 21 | Birches Close | NHS | Specialist health facilities including a polyclinic, day centre and chiropody clinic (D1 Use Class) and 8 assisted living units for people with learning disabilities. |
| | | | The size and location of this site give it potential for a range of community (D1 Use Class) uses in whole or in part including healthcare and education. If the local Care Centre is to be located on site then a healthcare (D1 Use Class) led mixed use scheme that may include some 'residential institution' type accommodation (C2 Use Class) and/ or some residential (C3 Use Class). If the Local Care Centre is to be located at another site then the site has potential for community uses including education (D1 Use Class), and/ or a nursing home (C2 Use Class) and/ or residential (C3 Use Class). |
| 22 | Patrick Doody Clinic | NHS | Health Centre. |
| | | | A healthcare(D1 Use Class) led mixed use scheme with some residential (C3 Use Class) or solely residential (C3 use Class) if the community service is discontinued. |
| 23 | Amity Grove Raynes Park | NHS | Medical Clinic. |
| | | | Community (D1 Use Class) or residential (C3 Use Class) if the community use is provided elsewhere. |
| 24 | Morden Road Health Centre | NHS | Medical clinic and retail (pharmacy). |
| | | | A healthcare (D1 Use Class) led mixed use scheme with some residential (C3 Use Class). |
| 28 | P4 Land Adjoining Wimbledon Theatre | Council Owned. | Surface Car Park. |
| | | | Any of the following or an appropriate mix of town centre type uses such as retail (A1 Use Class), café and restaurants (A3 Use Class), community (D1 Use Class), cultural, leisure and entertainment (D2 Use Class), offices (B1[a] Use Class) and hotel (C1 Use Class). The site may incorporate residential development (C3 Use Class) on upper floors. |
| 31 | Wimbledon Community Centre | Council Owned. | Vacant – former community centre (D1 Use Class). |
| | | | Any of the following or an appropriate mix of town centre type uses such as community (D1 Use Class), retail (A1 Use Class), financial and professional services (A2 Use Class), offices (B1[a] Use Class) and residential (C3 Use Class). An alternative option for the site could be a hotel (C1 Use Class). |
| 32 | Wyvern Youth Centre | Council Owned. | Vacant – former youth centre. |
| | | | Residential (C3 use Class). |

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|-----------|-----------------------------|---|---|---|
| 33 | Elm Nursery Car Park | Council Owned. | Car Park. | Residential (C3 Use Class). |
| 35 | Mitcham Fire Station | London Fire and Emergency Planning Authority. | Fire Station. | A mix of uses which could include any of the following: community uses (D1 Use Class), community uses such as a cinema, gallery theatre (D2 Use Class), residential (C3 Use Class), restaurant, café (A3 Use Class), office (A2 or B1 Use Class), drinking establishment (A4 Use Class) or non-food retail (A1 Use Class). |
| 36 | Chaucer Centre | Council Owned. | Training, meeting and conference centre. | Mixed use residential and community (D1 Use Class) or solely residential use (C3 Use Class) subject to the existing training facility being provided on a suitable site elsewhere. |
| 37 | Wimbledon Greyhound Stadium | Private Landowner. | Greyhound stadium (D2 Use Class) and car park. | Intensification of sporting activity (D2 Use Class) with supporting enabling development. Developments that facilitate more sporting activity may be enabled by more viable uses, subject to meeting planning policy, evidence and consultation. This site must be delivered via a site-specific planning brief (SPD) to ensure the delivery of sporting intensification and six week of community consultation on proposals. |
| 41 | Kingston Road | Private Landowner. | Vacant land with advertising hoardings. | Residential (C3 Use Class). |
| 46 | Old Lamp Works | Private Landowner. | Office, warehouse and distribution. | Residential (C3 Use Class) or education (D1 Use Class). |
| 48 | Land at Bushey Road | Private Landowner. | Offices (B1[a] Use Class: (one vacant since before 2006 and the other since 2010), storage and distribution (B8 Use Class: currently occupied), light industry (B1 Use Class: currently occupied). | An employment-led mixed use scheme, research and development (B1[b] Use Class), light industrial appropriate in a residential area (B1[c] Use Class) and storage or distribution (B8 Use Class) that may include an appropriate mix of any of the following: bulky goods retail (A1 Use Class), car show room, (sui generis Use Class) and school (D1 Use Class). |
| 53 | Brook House | Private Landowner. | The site has been vacant since 2008 but the establishment use is for office (B1[a] Use Class). Planning permission (11/P2839) was granted on 16 February 2012 for the change of use of the property to D1 education use. This proposal was submitted and obtained by a third party and not on behalf of the | Any of the following uses or a suitable mix of community (including education D1 Use Class), nursing home/ care home (C2 Use Class), hotel (C1 Use Class), and/ or residential (C3 Use Class). |

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| | | owner. | |
| 57 | Station Offices and Retail units | TFL | Retail units at ground level and offices above. |
| | | | Upper floors- hotel (C1 Use Class) and/ or offices (B1(a) Use Class). The ground floor is considered suitable for any of the following uses or a suitable mix of retail (A1 Use Class), financial and professional services (A2 Sue Class), restaurant and cafes (A3 Sue Class), drinking establishments (A4 Use Class), offices (B1[1] Use Class) and community (D1 Use Class). |
| 58 | Sainsbury's Car Park | TFL | Car park. |
| | | | Any of the following uses or a suitable mix of retail (A1 Use Class), financial and professional services (A2 Use Class), restaurants or cafes (A3 Use Class)< drinking establishments (A4 Use Class), hot food takeaways (A5 Use Class), offices (B1(a) Use Class), residential (C3 Use Class), community(D1), gym or cinema (D2 Use Class). |
| 59 | Baltic Close | TFL | Informal Car Park |
| | | | Any of the following or a suitable mix of retail (A1 Use Class), financial and professional services (A2 use Class), restaurant or cafes (A3 Use Class), drinking establishments (A4 Use Class), hot food takeaways (A5 Use Class), offices (B1(a) Use Class) and residential (C3 Use Class). |
| 60 | York Close Car Park | TFL | Surface Car Park |
| | | | Residential (C3 Use Class). |
| 61 | Morden Station Staff Car Park | TFL | Car Park. |
| | | | Any of the following uses or a suitable mix of residential (C3 Use Class), employment (B1[a], B1[b], B1[c] Use Classes) and community (D1 Use Class). |
| 62 | Wimbledon YMCA | Private Landowner. | YMCA with hostel space, gym, sports hall, café, retail, commercial and Wimbledon Conservative Club. |
| | | | A suitable mix of retail (A1 Use Class), financial and professional services (A2 Use Class), restaurants and cafes (A3 Use Class), drinking establishments (A4 Use Class), offices (B1[a] Use Class), community (D1 Use Class), leisure/ sporting uses (D2 Use Class), hostel (Sui Generis Use Class) and residential (including hotel, C2 and C1 Use Class). |
| 63 | 165-171 The Broadway | Private Landowner. | Retail, commercial and office use. |
| | | | A suitable mix of retail (A1 Use Class), financial & professional services (A2 Use Class), restaurants & cafes (A3 Use Class), drinking establishments (A4 Use Class), offices (B1[a] Use Class), community (D1 Use Class), sporting/ leisure use (D2 Use Class) and residential uses (including hotel, C3 & C1 Use Class). |

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| 64 | 12A Ravensbury Terrace | Private Landowner. | Office and vacant warehouse use. | Office and residential. |
| 65 | Kenley Road Car Park | Council Owned. | Car Park. | Residential (C3 Use Class) to be development in conjunction with moreMorden masterplan or education (D1 Use Class). |
| 69 | Sibthorp Road Car Park | Council Owned. | Car Park. | Town centre type uses and residential. |
| 70 | Haslemere Industrial Estate | Private Landowner. | Business and Industrial. | Business/ light industrial (B1) or a suitable employment led redevelopment. |
| 74 | Southey Bowls Club | Private Landowner. | Bowls club. | Bowls club, residential and open space. |
| 75 | Former Mitcham Gasworks | Private Landowner. | Vacant. Last used as regional offices for the National Grid. The adjacent site has full planning permission for a major residential scheme. | Residential led redevelopment with open space and some community use (e.g. crèche, healthcare). IF the gasholder is decommissioned, it is recommended that site redevelopment is taken forward through the preparation of a planning brief (spd) to clarify the proposed uses, address the layout, design, essential infrastructure requirements (including school places) and deliverability taking into account the unique issues associated with this site. |
| 77 | 26 Bushey Road | Private Landowner. | Vehicle repair, maintenance, sales and valet. | Residential. |
| 78 | 191 – 193 Western Road | Private Landowner. | Factory and open storage | Residential. |
| 80 | Crusoe Road Industrial Building | Private Landowner. | Light Industrial. | Residential. |

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