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Dear Ms Lewis,

ELEPHANT & CASTLE SHOPPING CENTRE AND LCC SITE - PLANNING APPLICATION REF: 16/AP/4458

Following the Planning Committee's on 16th and 30th January, and subsequent request for additional information, and clarifications we can confirm the following.

Affordable Housing Offer

A revision is proposed to the affordable housing component of the scheme. The Agreed Affordable Housing Offer presented to Planning Committee on 16th January is set out below in Table 1.

Table 1 – Agreed Affordable Housing Offer

| | Social Rent Equivalent | London Living Rent (household incomes up to £60k) | | | DMR | | | |
|-----------------------|---------------------------|---|------------|------------|------------|------------|------------|-------------|
| | | B | C | D | E | F | G | Total |
| West | A | | | | | | | |
| 1b MR | 3 | 5 | 7 | 3 | 1 | 15 | | 34 |
| 2b MR | 13 | 20 | 25 | 13 | 8 | 20 | 32 | 128 |
| 3b MR | 1 | 1 | 1 | 1 | 1 | - | - | 5 |
| East | | | | | | | | |
| 1b MR | 6 | 21 | 10 | 6 | 20 | | | 63 |
| 2b MR | 8 | 15 | 15 | 8 | 2 | 13 | 23 | 84 |
| 3b MR | 2 | 4 | 4 | 2 | 2 | 4 | 4 | 22 |
| | | | | | | | | |
| Total unit mix | 33 | 63 | 62 | 33 | 34 | 52 | 59 | 336 |
| Unit % | 10% | 19% | 18% | 10% | 10% | 15% | 18% | 100% |
| Hab room % | 10% | 17% | 19% | 10% | 8% | 15% | 20% | 100% |

The Council has previously confirmed that the above mentioned affordable housing offer, as corroborated by their independent advisors (GVA), was deemed to be the 'maximum reasonable' when taking into account viability. The offer was therefore compliant with planning policy represented an offer that Officers deemed to be acceptable.

The affordable housing offer has been reviewed and Table 2 below represents the Updated Affordable Housing Offer.



Table 2 – Updated Affordable Housing Offer

| | Social Rent | London Living Rent (household incomes up to £60k) | | | DMR | | | |
|-----------------------|--------------|---|--------------|-----------|-----------|-----------|--------------|-------------|
| | | B | C | D | E | F | G | Total |
| West | | | | | | | | |
| 1b MR | 12 | 2 | 10 | - | - | - | 10 | 34 |
| 2b MR | 41 | 10 | 25 | - | - | - | 27 | 103 |
| 3b MR | 21 | - | 7 | - | - | - | - | 28 |
| East | - | - | - | - | - | - | - | - |
| 1b MR | - | 9 | 9 | - | - | - | 35 | 53 |
| 2b MR | - | 12 | 11 | - | - | - | 89 | 112 |
| 3b MR | - | - | - | - | - | - | - | - |
| | | | | | | | | |
| Total unit mix | 74 | 33 | 62 | - | - | - | 161 | 330 |
| Unit % | 22.4% | 10.0% | 18.8% | 0% | 0% | 0% | 48.8% | 100% |
| Hab room % | 24.9% | 9.4% | 18.5% | 0% | 0% | 0% | 47.2% | 100% |

The key components of the Updated Affordable Housing Offer are:

- The provision of 35% affordable housing calculated by habitable room, in accordance with the Council's existing and emerging policy requirement and the GLA's Threshold requirement for Build to Rent schemes;
- The provision of 74 social rented units to be located in Plot W3 Buildings 1 and 2 i.e. two of the mansion blocks on the western part of the West Site fronting Oswin Street. This replaces the 33 social rent equivalent units included in the Agreed Affordable Housing Offer. The 74 social rented units will be owned and operated by LB Southwark or a Registered Provider.
- The remaining affordable housing will comprise 95 homes at in bands B & C i.e. London Living Rent for household incomes of up to £60,000. Rental bands D, E, F & G will be merged into a single band (G) such that all 161 of these homes would be available at a 20% discount to market for households earning up to £90,000 per annum. The 95 London Living Rent homes and the 161 Discounted Market Rent homes will be split between the East and West Sites.
- All 330 affordable homes will be retained as affordable in perpetuity.
- We propose a 30 year covenant on the East Site residential units. On the West Site, we propose that prior to starting works the Applicant will be under an obligation to confirm to the Council whether the market housing is either being delivered as Build to Rent (BtR) or for sale. Assuming it is BtR as currently proposed, then the 30 year covenant will also apply to these units.

Viability Implications

DS2 have carried out a Financial Viability Assessment (FVA) on the Further Affordable Housing Offer which forms part of this submission. For consistency, the agreed affordable housing appraisal has been used as the base appraisal. The only amendments to the base are the affordable housing values and location of the affordable housing units.

The results of DS2's FVA shows that the Further Affordable Housing Offer derives an IRR of 7.32%. This has been compared to the Applicant's target IRR of 11%.



West Site Playspace

As a result of the tenure changes to the West Site, primarily the introduction of 74 social rented units located in Plot W3 Buildings 1 and 2, we have re-calculated the play space requirements using the GLA's play space toolkit.

The tenure changes on the West Site result in a requirement for 638sq.m of 0-5 playspace, 372sq.m of 5-11 playspace and 238sq.m for 12+. The accompanying play strategy comparison and updated play strategy has been prepared by Townshend. It concludes that there is a 411sq.m deficit across the West Site. As per the scheme referred to committee, the Applicant would accept a planning obligation to mitigate this deficit, charged at the Council's published guidance rate of £151 per sq.m. The revised children's playspace financial contribution would be secured as part of the s.106 agreement.

Local Business Support & Relocation Strategy Update

Following recent discussions with key stakeholders, our client proposes the following additional local business support measures:

Castle Square Temporary Retail – To create a new Temporary Retail facility in Castle Square as an interim use whilst the shopping centre is under development. The facility is expected to extend to around 300sq.m, with the units offered in priority to independent retailers currently located within the shopping centre - either direct tenants or occupiers under license or sharing - and all at affordable rents (discounted in line with the standard of accommodation likely to be provided). The space created in Castle Square will form part of the wider opportunities for trader relocation space in the immediate Elephant and Castle area. The proposed Temporary Retail will remain open and trading until the new town centre on the East Site has been completed. In property management terms, the Temporary Retail will be managed by Broadgate Estates who manage Elephant 1 for the property owner.

The Relocation Strategy remains as previously proposed, with Castle Square providing an additional relocation option of a further 300sq.m. As referred to in the 16th January Committee Report, 3,820sq.m of affordable retail space is estimated to be available within the opportunity area, not including the Council's own proposals at Perronet House garages (550sq.m). It is worth noting that to date Tree Shepherd has engaged with 24 retailers. Of 20 retailers who have reached the relevant stage in the Tree Shepherd Business consultation process, 17 have confirmed they wish to relocate upon closure of the shopping centre. Whilst this is a high proportion, it demonstrates that not all tenants are looking to relocate once the shopping centre closes and therefore it is unlikely that the same amount of 'relocation' floorspace will be needed. Furthermore, of the 46 independent retailers within the shopping centre, 13 took short term leases on the specific understanding that redevelopment was coming forward, and that they would not be able to claim relocation assistance from the owner.

The Applicant will be working with the Council's Markets team about how market stalls could be relocated to East Street Market. They will also be engaging with the leaseholder, Urban Space Management, and their licence holders to communicate the other market opportunities within the Elephant and Castle area.

Pastor Street – The Applicant will be developing a vision for the reinstated Pastor Street on the West Site, to provide a cluster of affordable retail and commercial spaces as part of the formal affordable retail offer.

Community Engagement Representative – A Community Engagement Representative will be employed by the Applicant. This representative will be based in the shopping centre, will be multi-lingual and will be available to advise on potential relocation opportunities that are and will be available in the new Castle Square Temporary Retail, the Elephant One development adjacent to Castle Square,



the Lend Lease Elephant Park development and elsewhere in the wider Elephant & Castle Opportunity Area.

Tree Shepherd has been appointed and are already in-post to provide specific business support to the traders as detailed in the Planning Committee report. This additional Community Engagement Representative will be on site specifically to speak to traders about retail properties available for them to relocate to. This person will have more specific details about the different locations and would be able to explain (or have access to other contacts), to be able to advise on all aspects of these relocation spaces, together with information on arrangements for moving, rents, service charges etc. This will enable traders to have a single point of direct contact with the Applicant, in addition to Tree Shepherd who will be providing wider-ranging support in accordance with their scope of services. Initially, this Community Engagement Representative will be supported by members of the Applicant team, and in the short term will also be able to answer questions from the public on the recent changes to the planning application. The representative will be based in unit 215/216 on the upper level of the shopping centre directly opposite Café Nova.

The above-mentioned measures are in addition to those previously agreed, namely:

- The provision of 10% affordable retail space on site in accordance with policy.
- Funding the appointment of an independent business adviser (Tree Shepherd) to provide relocation and business support advise to existing traders.
- Creating and maintaining a database identifying potential relocation opportunities in the area.
- A financial contribution of £634,700 to provide a relocation fund for existing traders.

We can confirm that all existing retailers located within the planning application redline boundary will be eligible for support provided they meet the requirements.

Community Infrastructure Levy - We understand the Council will explore opportunities to direct Community Infrastructure Levy receipts from the proposed scheme towards further assisting existing traders beyond the applicants agreed commitments.

Bingo & Music Venue

Our client has made significant progress in its discussions with Palatial Leisure since the 16th January Planning Committee to have them fully engaged and leading in the re-provision of a bingo operation in both the short and long term. The commitment of this operational exercise from a trusted local business represents a significant and positive development.

We can confirm the Applicant will give the right of first refusal to a bingo operator (on commercial terms) to lease approximately 1,850sq.m of the proposed leisure floorspace within the development. We can confirm that approximately 959 seats can be provided within this space, across tables of four and two, similar to that of the current Bingo hall. The precise location and form of any bingo use would need to be discussed and agreed with the Council.

Transport Implications

The enclosed Transport Technical Note prepared by WSP considers the transport implications associated with locating a bingo facility on the west site as requested by officers. The note concludes that the additional trips associated with the bingo facility would not have a material impact on the operation of the transport network.



Equalities Implications

The enclosed Additional Information Equalities Statement prepared by Quod sets out a summary of the potential impacts arising from the proposed redevelopment of the Elephant and Castle Shopping Centre with respect to equalities. The document summarises the key impacts which have been identified in the Equalities Statement and subsequent Addendum submitted alongside the planning application (planning reference 16/AP/4458) as well as those raised by the local community and the letter received from Latin Elephant in relation the Planning Committee (dated 16th January 2018).

EIA Implications

The enclosed letter prepared by Watermans seeks to establish the Environmental Impact Assessment implications which arise out of the amendments to the Section 106 Obligations for the proposed development. The letter concludes that the proposed amendments would not give rise to any new, additional or different likely significant effects to those already considered within the Environmental Statement. It is considered that the Environmental Statement remains valid.

Timing & Consultation Process

As we have discussed, time is of the essence in respect of determining this planning application. Huge uncertainty in respect of this critically important strategic project is impacting all stakeholders for the worst; it is unacceptable and unnecessary. We have been very clear that we would urge you to reconvene for a decision at the earliest next available Planning Committee.

We are agreed that a statutory consultation process should consider these revised proposals. We are in discussion with the local Ward Councillors and other key stakeholders in order to plan this process from our perspective in good time for Planning Committee. As part of this engagement we will be running a further public exhibition at the shopping centre from 13 to 16 and 19 to 23 February 2018, with key information about the proposed scheme and these latest changes available for all to review, with members of the project team on hand to answer any questions. Your commitment to this process is of course essential and welcome.

Please contact Richard Ward or Alan Hughes of this office should you require any clarification or further information at this stage.

Yours sincerely

DP9 Ltd

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