

SILCHESTER ESTATE

RIBA Stage 0 Report (Strategic Definition)
FINAL 3 May 2016 2016 v008

PRIVATE AND CONFIDENTIAL

Client: The Royal Borough of Kensington and Chelsea



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

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Approvals

This document requires the following approvals. A signed copy should be placed in the project files and on SharePoint.

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1.0 Introduction

INTRODUCTION

- 1.1 CBRE (the consultant) has been appointed by the Royal Borough of Kensington and Chelsea (the Council) as consultant to provide an options appraisal report for RIBA Stage 0: Strategic Definition in respect of the "Silchester Estates".
- 1.2 The client prepared a brief entitled "Silchester Estates Area Redevelopment Options Appraisal" which formed the brief for the consultant and this Stage 0 report.
- 1.3 The inception date for the consultant's appointment was 19th August 2015 with initiation of the project programme commencing mid-October 2015.
- 1.4 The client's project brief is to test options for the provision of:
 - a. Re-provide existing homes;
 - b. New private sale and affordable housing;
 - c. Potential for retail/commercial accommodation (quantum undefined);
 - d. Related infrastructure and public open space; and
 - e. Delivers a viable regeneration project.
- 1.5 The outcome of this report and its recommendations will determine the case for entering into Stage 1 to carry out further options appraisal work. It will form a key document to inform decision making through the Council's governance procedures.
- 1.6 The end deliverable will be a (RIBA Stage 0) Options Appraisal Report which is submitted to the client for review and sign-off.

The Council's Aspiration

- 1.7 The Council's aspiration has been set-out as follows (Ref. the Council Tender):
"We wish to reintegrate estates into the wider neighbourhood community of streets and squares in order to provide good traditional homes in the conservation areas of the future".
 The over-arching objectives of the client brief are to deliver: -
 - Quality homes: provide best possible homes for existing and future tenants;
 - Additional homes: provide the additional homes of all tenures that the borough needs;
 - Affordable homes: providing new affordable (social and intermediate) homes, especially for those on ordinary incomes, who are currently not catered for by the market or social housing, in addition to re-providing existing affordable housing;
 - Quality neighbourhoods: design beautiful new places to form better-connected, better- designed, street-based neighbourhoods to be conservation areas of the future, while reflecting and integrating with local context;
 - Regeneration: use development to tackle some of the causes of social deprivation by: -
 - i. Improving chances of better social outcomes for residents.

1.0 Introduction

- ii. Increasing level of economic activity via provision of right type of business space in mixed-use neighbourhoods.
 - iii. Increasing levels of social integration in the borough.
 - Financial: increasing net present value of and income from the borough's housing assets.
- 1.8 The Council has committed that tenants, leaseholders and freeholders can be assured that the Council will be: -
- Sensitive to the concerns of the existing community and the desire to remain near friends and family;
 - Provide at least the same amount of social rented floor space as currently provided;
 - Give all existing Secure Tenants the option of remaining in the same area, in a property on the same terms and conditions, and rent level;
 - Phase moving so that the majority of people only need to move home once;
 - Offer an attractive package to allow tenants to move at no cost;
 - Repurchase properties at full market value from any leaseholders who wish to sell their homes but fear they are unable to do so because of the Council's proposals; and
 - Wherever viable, offer resident leaseholders the opportunity to buy a Shared Equity property on the new development.

The Client's Brief

1.9 As part of the client brief, CBRE appointed Porphyrios Associates as Architect/Masterplanner to act in a sub-consultancy capacity to prepare masterplan (design) options against the client's objectives.

1.10 The Architect has provided indicative high level designs for each option, on a block plan basis for appraisal and assessment by the project team and client to determine whether they meet the client's brief.

1.11 CBRE has provided high-level commercial advice including viability, residential sales and marketing, planning, commercial and investment advice as required to undertake the feasibility exercise. Please note that this is undertaken at high-level and by its nature creates some generalisations in order to compare the various options on an equal basis. This will be refined in Stage 1, if progressed.

1.12 CBRE, in undertaking this review, has provided a report with sufficient information regarding the options to ensure that this provides the client with the required information to make an informed decision to initiate the next stage or not.

1.13 As part of this process, CBRE and Porphyrios Associates have undertaken two presentations to the client to inform them regarding methodology and high-level viability. Input received from these presentations and monthly progress meetings have contributed to the understanding of the project parameters and the recommendations.

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1.14 Further, four public consultation meetings have been held to engage with the local community and understand their aspirations for the Silchester Estate. These discussions are not recorded in this Report but are available if requested.

THE OPTIONS

1.15 If the Council takes the decision to progress testing to allow a number of options to be refined, it will be essential to set out considerations of these options within alternative options being to 'do nothing', i.e. leave the estate as is, or to refurbish the estate.

1.16 The Council's owned land/stock is defined as all remaining land within the Red Line Plan (see Figure 1 Study Area) including Highway's land; all areas coloured yellow denote non-Council ownership land.

1.17 For the purposes of all options, Latimer Educational Centre (denoted brown on Fig1) is a listed building and therefore is excluded from any viability study.

1.18 No services and site area constraints have been reviewed and these have been noted in the project risk register with the statement that this should be addressed in detail at Stage 1, if progressed.

1.19 The study was informed by a detailed housing accommodation schedule held by the client for both the Council owned and non-Council owned land to determine the number of affordable housing units that should be re-provided. However, further clarification is required as to the precise unit mix of accommodation within private ownership.

1.20 It is acknowledged that there are non-residential uses within the current study area which may need to be provided for within any of the masterplan options moving forward. For the purposes of this report, this issue is noted but recognised as a Stage 1 issue.

Council Owned Land/Stock

1.21 Option 1: Retaining all existing towers:

The complete redevelopment of all medium and low rise residential accommodation within the Council's ownership, plus external "visual" enhancements to each of the four tower blocks (via a provisional sum spend allowance) to include the ground floor communal entry and service/refuse areas, and public realm.

1.22 Option 2: Demolishing but not replacing towers:

The complete redevelopment of all medium and low rise residential accommodation, together with the demolition of the four existing tower blocks with the resultant sites included within the overall proposal for new residential accommodation, but not including any new towers within the redevelopment proposals; and, option refined to:

- **Retain buildings of place-making merit:** Following the first client presentation, it was recognised that certain buildings may have merit for retention in any masterplan, e.g. Bramley House. An architectural review of this building concluded that its architectural merit did not merit retention.

1.0 Introduction

1.23 **Option 3: Demolishing and replacing all towers with new tower blocks:**

The complete redevelopment of all medium and low rise residential accommodation, together with the demolition of the four existing tower blocks and their replacement with appropriate “new” tower blocks, although not necessarily on their current sites/footprints.

All Land/Stock - Council Owned and Non-Council Owned Land

1.24 **Option 4: Retaining towers:**

As Option 1 above, but including the non-Council owned land/stock indicated by Red Line Plan (see Figure 1 Study Area; all areas coloured green denote private ownership).

1.25 **Option 5: Demolishing but not replacing towers:** as Option 2 above, but including all land/stock.

1.26 **Option 6: Demolishing and replacing towers with new tower blocks:** as Option 3 above, but including all land/stock.

1.0 Introduction

ASSESSMENT

- 1.20 In order to undertake an assessment of the various options, and in line with the brief's objectives, the following issues were considered (and are discussed in detail in this Report):
- Compatibility with the Council's vision;
 - Meets commitment to Estate residents;
 - Financial viability: estimated 'development surpluses' generated by each option to demonstrate the comparable viability of each option;
 - Planning: initial review against planning policy including a case for regeneration;
 - The Council's objective of delivering housing: quantum of new residential accommodation both replacement and additional;
 - Delivers 'conservation areas of the future';
 - Structure and coherence of masterplan (in terms of good place-making);
 - The Council's objective of creating high-quality green and public spaces; and
 - All options should be viable in the context of a potential JV partner or similar.

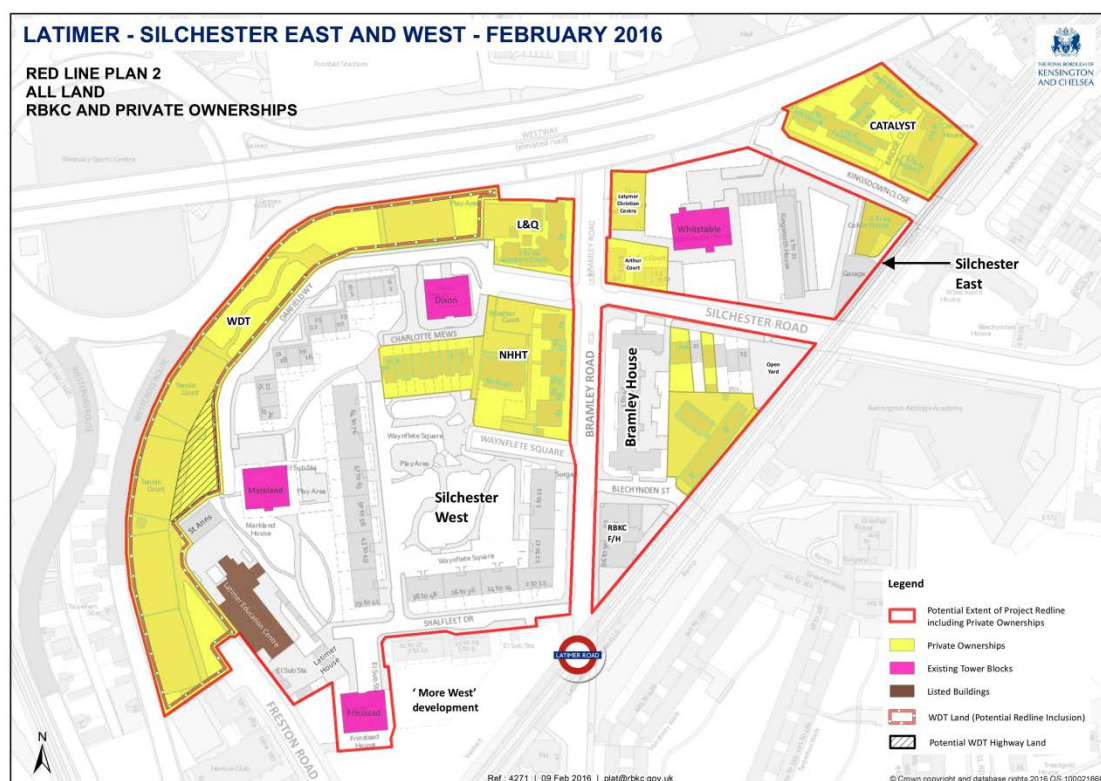


Figure 1: Study Area

Ref. issued by the Council.

1.0 Introduction

THE COUNCIL'S COMMITMENT

- 1.21 The Council's commitments to tenants and leaseholders on embarking on a housing regeneration scheme will be to seek to:
- a. Increase the amount of housing in the designated area as well as improve upon the urban design;
 - b. Be mindful of the existing community and the desire for many to remain near their friends, family and local services;
 - c. At least re-provide all of the existing social rented residential floorspace;
 - d. Give all existing Secure Tenants the option of remaining in the same area, or very nearby, in a property on the same terms and conditions and on a comparable rent;
 - e. Phase the decanting required so that as many people as possible only move once;
 - f. Offer a sound financial package to allow tenants to move at no cost;
 - g. Repurchase properties from leaseholders who wish to sell their homes but are unable to do so because of the Council's proposals for regeneration;
 - h. Consider the ability to offer resident leaseholders an equity share offer to enable them to remain in the area; and,
 - i. Have confidence that the scheme can be delivered at no long-term cost to the Council's tax payers.

2.0 Masterplanning of Options

INTRODUCTION

- 2.1 The masterplan vision set out by Porphyrios Architects for the Silchester Estate to respond to the Council's vision is for a mid-rise (say five to twelve storey), high-density neighbourhood which extends the existing surrounding historic urban fabric into a rich and varied urban culture.
- 2.2 The masterplan should provide a community of buildings, varied in scale and character that acts as a frame / backdrop to a hierarchy of public, semi-public and private open spaces and greens. The masterplan needs to create a 'heart' to the community which will become a valued focal point within the neighbourhood, and attracts a mixed-use retail and commercial offer to animate the space.
- 2.3 The brief is an opportunity to realise an exemplary urban scheme, which addresses urban and social regeneration, and creates a dialogue between urban living and nature. The masterplan proposes creating a series of buildings, streets and spaces that contribute to, and continues the historic character of, Kensington.
- 2.4 The approach to the brief has been to create a robust masterplan framework which is informed by a review of the historic development of the Silchester area; understanding legibility and permeability of movement across the area; structuring roads (with related underground infrastructure) that acts as a constraint; and, ensuring that the estate is not a cul-de-sac but becomes integrated into the surrounding urban fabric of Notting Hill.
- 2.5 This framework creates a structure into which each of the redevelopment options can then be assessed. It is noted that this is a high-level study and that issues will be identified, in terms of masterplan design refinement, which will need to be addressed in Stage 1, alongside 'do nothing' and 'refurbishment' options.

Creating the Framework Undertook the Following Steps (See Fig.2)

- 2.6 **Establishing a Robust Framework**
 - a. A robust framework needs to establish the right connections and spaces to the surrounding city;
 - b. It requires the right size, scale and density of the "urban block";
 - c. It must have the right urban "grain";
 - d. A place that is easy to understand, safe, interesting and enjoyable; and
 - e. Ultimately, the urban framework of streets, squares, parks and spaces is as important as the buildings and land-uses themselves.
- 2.7 **Encouraging Accessibility and Connectivity**
 - a. Accessibility, connectivity and permeability are fundamental to the regeneration of the Silchester Estate;

2.0 Masterplanning of Options

- b. There needs to be access to an integrated layout system;
- c. An emphasis on walking, cycling and public transport;
- d. A clear definition of public and private areas; and
- e. The right structure and sequence of places.

2.8 Safeguarding Adaptability

- a. Silchester will provide a development that includes both private and affordable housing of different tenures;
- b. A choice of solutions that is adaptable; and
- c. The masterplan is sustainable because it is designed to respond to changes in use and massing.

2.9 Fostering Community and Belonging

- a. At Silchester a careful balance is made between city functions and local needs;
- b. A strong local sense of place reinforces economic values and helps deliver a high-quality urban development; and
- c. Regeneration must retain a strong sense of place, ownership and pride.

2.10 Achieving Character and Place-Making

- a. At Silchester it is important to engage local residents;
- b. Make plans which are safe, welcoming and inclusive; and
- c. Instil an emphasis on quality in design, construction and long-term environmental management.

2.11 The Silchester Estate framework

After careful consideration of the Silchester Estate and an understanding the constraints and opportunities, a robust framework is proposed. The framework:

- a. Provides a traditional street network that connects the Estate to the surrounding neighbourhoods;
- b. Features a perimeter vehicular road (the Collector) that connects Silchester Road to Freston Road;
- c. Eliminates dead-ends and cul-de-sacs, providing instead a key through-route;
- d. Creates additional pedestrian routes to the northwest of the Estate below the Westway, providing essential links to the north and west;
- e. The circulation network results in urban block layouts that give scale and orientation to the estate;
- f. The scale of the urban blocks are humane and in keeping with the emerging urban grain;

2.0 Masterplanning of Options

- g. The orientation provides maximum southerly exposure for the streets and green spaces;
- h. A high-density mid-rise development is proposed with a typical range of 5-10 floors across the Estate (with the option of rising to 12 storeys in appropriate places);
- i. Two public squares are proposed, Bramley Square at the heart of the scheme and Silchester Square to the northeast of the Estate;
- j. Provides a clear definition of public and private areas. A hierarchy of streets and public squares define the public realm. The private realm is formed of private dwellings that form a street edge while communal/private gardens make up the green spaces in the urban blocks;
- k. Places a clear emphasis between city functions and local needs. A strong local sense of place reinforces economic values and helps deliver a high quality urban environment; and
- l. Creates a neighbourhood that is safe, legible and pleasurable through considered design.



Figure 2: Framework

2.12 The brief for each option was constructed within the above framework to create a series of buildings, streets and spaces. Each option masterplan was then extruded to create 3D models that could be extrapolated to identify a quantum of new build, which was then used to inform the viability assessment.

2.13 For ease of reference the plan and 3D model for each option is detailed below.

2.0 Masterplanning of Options

COUNCIL OWNED LAND/STOCK

- 2.14 Options 1-3 redevelop RBKC only land. These options either retain the existing tower blocks or remove them, with one option providing replacement tower blocks in alternative locations.
- 2.15 It is important to note that in options 1-3 a perimeter road connecting Silchester Road to Freston Road is located adjacent to the current sports facilities, to improve connectivity and integration with surroundings.
- 2.16 At the centre of these options is the creation of Bramley Square (and Silchester Square within two of the options) with the adjacent buildings designed to enable sunlight to space created.

2.17 OPTION 1 – Retain All Existing Towers

- a. This option retains the four existing circa 20-storey towers within Silchester Estate with associated improvements to be considered.
- b. The urban framework is segmented by retention of both non-Council owned land and the existing towers.
- c. The perimeter Connector road which connects Silchester Road to Freston Road has been designed to retain non-Council owned land.
- d. There is little critical mass in the option and the resultant urban environment is segmented.
- e. Re-provision of social housing however limited opportunity for inclusion of additional affordable housing.
- f. Unclear whether this option is financially viable.



2.0 Masterplanning of Options



Figure 3: Option 1 Masterplan

2.18 OPTION 2 – Demolishing but not Replacing Towers

- a. This option demolishes all four towers.
- b. This option reviewed the retention of buildings or places of merit. Whilst it notes that there are buildings (Bramley House) and places (Waynefflete Square) of merit, their retention would further segment the masterplan (from Option 1) and would not create enough critical development mass to enable regeneration.
- c. The perimeter Connector road that connects Silchester Road to Freston Road has been designed to retain non-Council owned land improving connectivity and integration with surroundings.
- c. Whilst it is possible to re-provide all social housing and meet commitments to existing estate residents, it is not likely to create any new affordable housing
- d. This option is not considered financially viable.

2.0 Masterplanning of Options



Figure 4: Option 2 Masterplan

2.19 OPTION 3 – Demolishing and Replacing all Towers with New Towers

- This option incorporates redeveloping accommodation owned by the Council replacing it with a mixture of mid-rise buildings (5-12storeys) and new tower blocks.
- The urban framework is segmented by the retention of non-Council owned land.
- The perimeter Connector road that connects Silchester Road to Freston Road has been designed to retain non-Council owned land improving connectivity and integration with surroundings.
- Two new circa 20-storey towers are indicated; a tower to the north along the Westway and in the vicinity of Frinstead House, although their locations and height should be seen as indicative only.

2.0 Masterplanning of Options

- e. There is little critical mass in the option and the resultant street pattern is not cohesive
- f. Whilst the commitments to estate residents could be met, it is unlikely to create any new affordable housing.
- g. This option is not considered financially viable.



Figure 5: Option 3 Masterplan

2.0 Masterplanning of Options

COUNCIL AND NON-COUNCIL OWNED LAND/STOCK

- 2.20 It is important to note that in Options 4 to 6 the perimeter Connector road, connecting Silchester Road to Freston Road, has been re-located abutting the elevated Westway (onto the Westway Trust's land) in order to maximise the consolidated land area that could come forward for development.
- 2.21 It is noted that this will result in the loss of the current sport facilities and landscaping. This issue, along with the provision of Public Open Space, will need to be addressed in greater detail in Stage 1, if progressed.
- 2.22 At the very centre of these options is the creation of two new squares (Bramley and Silchester Square) which will become the 'heart' of the masterplans. The proposed buildings surrounding these squares are four to five storeys (and then rising up towards the Westway) to ensure that the buildings do not dominate, and to allow for sun light into the spaces created. It is envisaged that Bramley Square, located near Latimer Road Underground Station, will attract a mixed-use retail/ commercial response to animate the square.

2.23 OPTION 4 – Retaining all Existing Towers

- This option is based on demolishing all buildings excluding the four existing towers, and developing all Council and non-Council owned land.
- The perimeter Connector road that connects Silchester Road to Freston Road improves connectivity and integration with surroundings
- The urban framework is interrupted by the existing towers with the street pattern being adjusted locally around the existing towers, however creates well connected series of streets and garden squares integrated with the surrounding areas
- This option delivers new housing; both affordable and private, and commitments to residents can be met and social housing re-provided.
- This option is financially viable and partly delivers on objectives.



2.0 Masterplanning of Options



Figure 6: Option 4 Masterplan

2.24 OPTION 5 – Demolishing but not Replacing Towers

- a. This option is based on demolishing all buildings in all ownerships (including the four towers) and developing all land.
- b. The layout has a clear urban framework guided by the principles of regeneration: connectivity, permeability, private/public, mid-rise, high density and place-making.
- c. This option formulates a cohesive urban layout that is based on streets, squares and green places. It creates well connected series of streets and garden squares that are integrated with the surrounding area.
- d. The option provides a high-density mid-rise development with a range of 5-12 storey buildings across the Estate.
- e. It offers the ability to increase density without compromising its urban cohesion.
- f. The perimeter Connector road that connects Silchester Road to Freston Road improves connectivity and integration with surroundings.
- g. This option provides an opportunity for increased number of new affordable and private homes.
- h. This option provides a financially viable scheme which can deliver the objectives.

2.0 Masterplanning of Options



Figure 7: Option 5 Masterplan

2.25 OPTION 6 - Demolishing and Replacing Towers with New Towers

- This option is based on demolishing all buildings and replacing the existing towers with four new circa 20-storey towers.
- The towers are proposed with an indicative location of three towers to the north of the Estate along the Westway and one location in the vicinity of the Frinstead House (potentially making best use of the high accessibility to the Underground Station).
- The layout has a clear urban framework guided by the principles of regeneration: connectivity, permeability, private/public, mid-rise, high density and place-making.

2.0 Masterplanning of Options

- d. The option introduces new towers which potentially will dominate the urban environment and create an environment similar to the existing context.
- e. The perimeter Connector road that connects Silchester Road to Freston Road improves connectivity and integration with surroundings.
- f. The layout provides well-connected series of streets and garden squares that are integrated with the surrounding area however; the new towers will detract from creating a conservation area of the future.
- g. This option provides a greater delivery of new affordable and private housing, with all commitments to estate residents able to be met, and social housing re-provided.
- h. This is a financially viable scheme that can partly deliver on objectives.

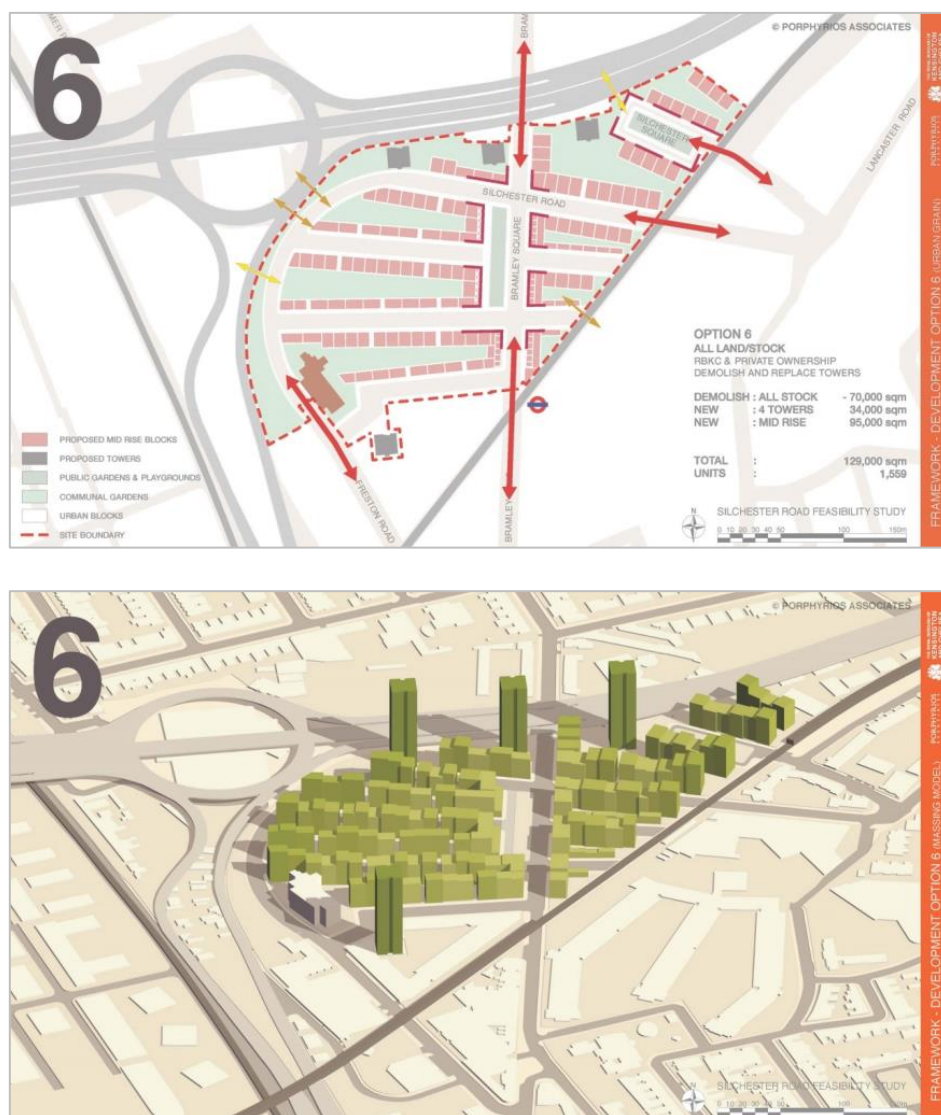


Figure 8: Option 6 Masterplan

2.0 Masterplanning of Options

Green/ Public Open Space Audit

- 2.26 As part of the contextual study, an initial quantitative audit was undertaken of the existing green spaces/ public open space within the Silchester Estate. This composed of communal gardens (12,400sqm; of which Waynefflete Square is 2,975sqm), the Westway Trust grounds (4,500sqm) and residual undefined open space (2,800sqm). The total area is 19,700sqm (31.2% of the site coverage). It is considered possible to avoid a net loss of public space across the site and this will be assessed further should Stage 1 be progressed.

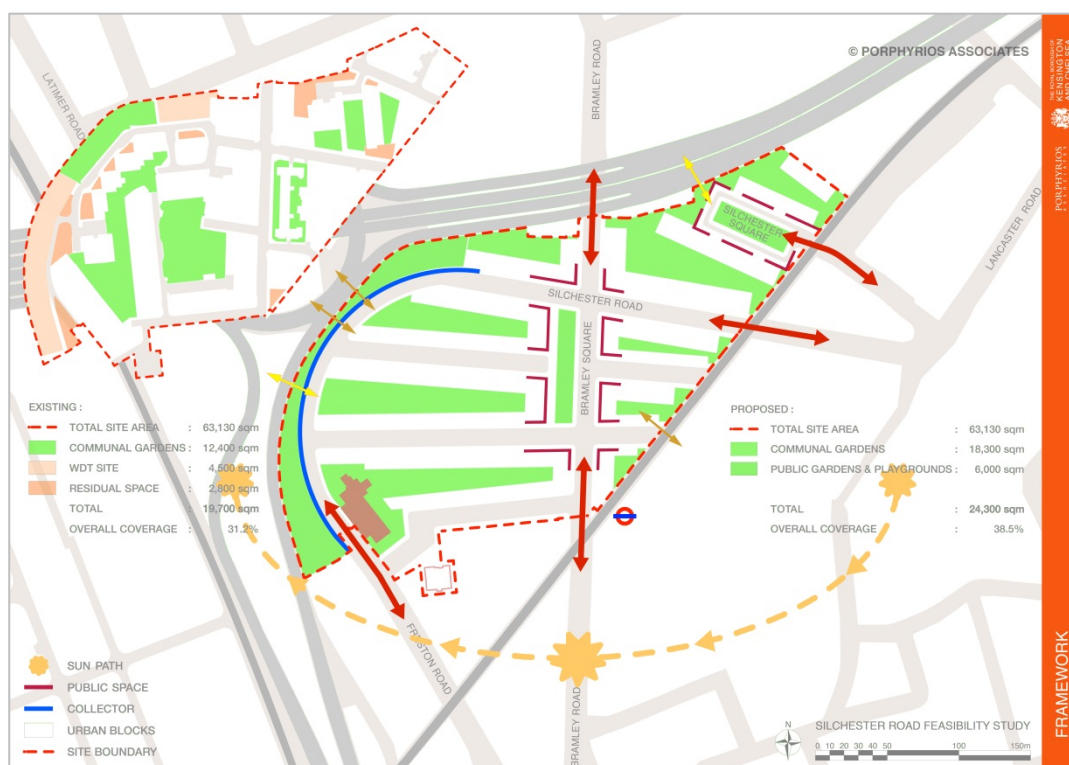


Figure 9: Green/Public Open Space Audit (Existing and Option 5)

3.0 Planning Policy Context

INTRODUCTION

- 3.1 This section provides a high-level overview of the following, based upon the work undertaken to date. If the decision is taken by Cabinet to progress further, considerations relating to planning, including planning strategy, will continue as the project evolves:
- a. Planning policy review
 - b. Options appraisal overview
 - c. Recommended planning next steps
 - d. Key planning risks

Assessment of and Consultation on, Full Spectrum of Options

- 3.2 The work undertaken as part of Stage 0 has focused on testing whether, based on a number of high level assumptions; it would be feasible to redevelop the estate. If the Royal Borough takes the decision to progress testing to allow a number of options to be refined, it will be essential to set the consideration of these options within alternative options being to 'do nothing' (i.e. to continue with the current maintenance strategy) or to refurbish the estate (including any potential "in-fill" development).
- 3.3 This range of options (do nothing, refurbishment, redevelopment) will need to be objectively tested, and will also need to be subject to thorough consultation with the community. This is critical in order to ensure any decisions taken by the client are procedurally robust and is brought into sharp focus through the successful challenge to Lambeth Council's decision to regenerate Cressingham Gardens Estate, resulting in the High Court quashing their decision. The Lambeth case centred on claims that the Council had not properly consulted on refurbishment options (they were discounted at an early stage).
- 3.4 CBRE is engaging with the client to establish the nature and extent of work likely to be required in advancing plans for redevelopment (if that is the option that is selected). A 'case for regeneration' will be required, and we anticipate this will comprise the following three strands:
- a. The case from a Corporate (Council objectives and commitments) perspective
 - b. The case from a planning policy perspective
 - c. The case from a CPO perspective
- 3.5 The current working assumption (on which discussions are ongoing) is that the process of testing a full spectrum of options (including do nothing and refurbishment) will form a key part of the Corporate case, culminating in the identification of a preferred option (which may be 'do nothing'). The planning policy and CPO cases will be set within the context of the Corporate case and will focus on satisfying the relevant policy and legislative requirements in relation to the preferred option. We would anticipate the local planning authority wanting to have sight of all three strands of the case - which should also be set within an overarching HRA estate-wide strategy.

3.0 Planning Policy Context

3.0 Planning Policy Context

PLANNING POLICY REVIEW

- 3.6 Provided below is an overview of the site's planning policy context and the implications of this for the potential redevelopment of the site. For a more comprehensive review of planning policy and the issues and opportunities this raises, please refer to the Silchester Estate Planning Appraisal which has been issued as a separate report.
- 3.7 Basis for decision making: Section 38(6) of the Planning and Compulsory Purchase Act 2004 requires that proposals are determined in accordance with the Development Plan, unless Material Considerations indicate otherwise.

Development Plan

- 3.8 The Development Plan for the Royal Borough currently comprises the:
- a. Further Alterations to the London Plan (2015)
 - b. Consolidated Local Plan for the Royal Borough of Kensington and Chelsea (July 2015)
 - c. 'Saved' policies of the Royal Borough's Unitary Development Plan ('UDP') (May 2002; as amended in September 2007 and December 2010)
- 3.9 Neighbourhood Plans will also form part of the Development Plan where these have been adopted. At the current time no Neighbourhood Plan exists where the site is located.

Material Considerations

- 3.10 Relevant material considerations for the potential redevelopment of the site may include:
- a. The National Planning Practice Framework (NPPF) (this sets out the Government's policy on planning)
 - b. Planning Practice Guidance (PPG)
 - c. Ministerial Statements
 - d. Emerging planning policy changes, including the Council's partial review of the local plan (note: the weight any emerging policy is given will depend upon how far progressed it is in the plan-making process)
 - e. Mayoral and Local Supplementary Planning Guidance Notes and Supplementary Planning Documents
 - f. Evidence Base Documents
- 3.11 Material considerations carry less 'weight' in planning terms by comparison with the Development Plan. It is relevant to note that whilst the Council's partial review of the local plan is at a very early (Issues and Options) stage in the process, the Silchester Estate has been identified for potential inclusion as a site allocation. CBRE (on behalf of the client) is making representations to the emerging policies to (inter alia) support this.

3.0 Planning Policy Context

KEY PLANNING POLICIES AND IMPLICATIONS

- 3.12 Some of the key planning policies and material considerations which will be relevant to all masterplan options are summarised below.

Estate Renewal

- 3.13 The supporting text to London Plan Policy 3.14 (Existing Housing) requires estate renewal to take account of regeneration benefits to the local community; the proportion of affordable housing in surrounding area; and the amount of affordable housing intended to be provided elsewhere in the Royal Borough of Chelsea and Kensington. Existing accommodation should be replaced by better quality accommodation and should provide at least an equivalent amount of affordable floorspace.
- 3.14 Local Plan Policy CH4 (Estate Renewal) requires a compelling case to be made for renewal. The planning Case for Renewal needs to demonstrate that the long-term benefits outweigh the considerable uncertainty and disruption such projects will cause. In particular, redevelopment will need to:
- Provide the maximum reasonable amount of affordable housing.
 - Achieve no net loss of existing social rented housing as a minimum.
 - Determine mix of re-provided social rent housing on the basis of the housing needs of existing tenants, and additional housing on the Council's identified housing needs.
 - Be accompanied by a financial appraisal where the renewal is funded through the provision of private housing or other commercial development.

Implications

- 3.15 To meet the requirements of planning policy, redevelopment will need to address the above points. A Case for Regeneration will need to be prepared and submitted as part of any planning application which demonstrates that the long-term benefits of redevelopment outweigh the uncertainty/disruption which might arise. This is a subjective policy test which will require a balanced, reasonable judgement to be made by the determining authority(ies).
- 3.16 The planning Case for Renewal will be produced to seek to satisfy the specific requirements of planning policy. This is distinct from any wider case for regeneration that the Council, as a corporate body, may need to produce, and from any case required to support CPO.

North Kensington Regeneration Area

- 3.17 The Council has identified North Kensington as a key area for regeneration. Both the Local Plan and the London Plan encourage development and investment in this area of the Borough.

3.0 Planning Policy Context

Implications

- 3.18 Planning policy provides in principle support for any development which seeks to regenerate the area, subject to meeting other relevant development management policies, including Policy CH4.

Vision for Latimer

- 3.19 The Council's Local Plan sets out a vision for the 'Latimer' area of the Borough which incorporates the site. Key aspects of this vision are:
- a. Reinstatement of traditional street pattern to improve connectivity within and connections through the area;
 - b. Existing tenants guaranteed new homes;
 - c. Funding provision of good quality affordable homes through private housing;
 - d. Creation of neighbourhood centre;
 - e. Good open space and community facilities;
 - f. Excellent architecture and urban design;
 - g. Improved provision of accessible public open space.

Implications

- 3.20 In order to maximise the acceptability of redevelopment in planning terms, development should seek to address the key elements of the vision insofar as possible.

Plan-Led Approach

- 3.21 London Plan Policy 3.7 requires sites of 5 hectare+ /sites capable of accommodating 500+ units to be progressed through a plan-led process. This is to encourage higher densities and coordinate the provision of social, environmental and other infrastructure and to create neighbourhoods with a distinctive character. London Plan Policy 7.7 also recommends a plan-led approach to tall buildings.

Implications

- 3.22 The GLA may require proposals for redevelopment to be promoted through planning policy before pursuing a planning application. The North Kensington Regeneration Area and the Vision for Latimer set out in the Local Plan (and summarised above) may be sufficient to satisfy this requirement, as may any emerging site allocation developed through the Partial Review of the Local Plan which is currently underway. The Latimer chapter of the Consolidated Local Plan does make specific reference to the exploration of the potential of the area via a planning framework and masterplan. It also states that these would be prepared with the active involvement of local people. The GLA's position on this policy requirement would need to be established through pre-application discussions at the earliest opportunity.

3.0 Planning Policy Context

Extent and Disposition of Third Party Ownership

- 3.23 At this point in time, the Council does not benefit from full control of the land within the study area identified.

Implications

- 3.24 The disposition of third party land across the site will need to be carefully considered in terms of the masterplan and strategy for delivery.

Existing Community Uses

- 3.24 Local planning policy sets out a presumption in favour of retaining the existing community space at the site (Westway Trust facilities, Latimer Education Centre, Latymer Christian Centre, ADKC, etc.) unless these are to be provided as part of the new development, or where it can be robustly demonstrated that the community floorspace is no longer required.

Implications

- 3.25 The future plans and intentions of the existing community facility providers should be established. If these providers express a will to remain on the site, it is recommended that their floorspace is retained or re-provided on the site where possible. It should be noted that the provision of appropriate social and green infrastructure should be integral to any masterplan option to support the scale of development proposed. Further, more detailed work would be required in order to establish the scale and nature of need, with input from the local community through consultation.

Existing Commercial Uses

- 3.26 Local planning policy resists the loss of retail, public house and employment floorspace in this location.

Implications

- 3.27 If the Bramley Road shop units, Pig and Whistle pub and Acava office space are proposed to be lost through redevelopment, the new proposals should incorporate at least an equivalent quantum of retail, public house and employment floorspace respectively, unless there are compelling reasons not to do so. Further work would be needed to establish a commercially attractive and sustainable quantum and mix of non-residential floorspace.

Residential Density

- 3.28 Both the London Plan (Policy 3.4) and the Local Plan (Policy CL 1) require new housing development to optimise density, whilst ensuring that it is sensitive to its context in design terms.
- 3.29 The London Plan uses the 'density matrix' as a measure of density relative to the urban character of the location, and its level of public transport accessibility. The site is considered 'Urban' in character and has a PTAL (Public Transport Accessibility Level)

3.0 Planning Policy Context

ranging from 2-4, though the majority of the site has a PTAL of 3. This site context suggests that a density of 200-450 habitable rooms per hectare may be appropriate for the majority of the site. According to the matrix, a higher density of 200–700 habitable rooms per hectare may be suitable near to Latimer Road Underground station.

Implications

- 3.30 The indicative densities which result from the density matrix provide a guide rather than a strict limit for development. There are many examples of these densities being exceeded where there is a strong planning and design/townscape case for doing so. Given the Mayor's strategic interest in density, there is a risk of Mayoral intervention on the decision (in relation to a planning application) for schemes which fall below the density matrix, with implications in terms of (inter alia) outcome, programme and costs. In order to minimise the likelihood of Mayoral call-in, for any scheme the density of development should not fall below the minimum density range, as this would not be considered to be 'optimising' housing delivery as required by planning policy.
- 3.31 High level assessments of the options prepared to date indicate that the proposed densities are consistent with the Mayor's density matrix. This should be reviewed in due course as the masterplan options are refined.

Height

- 3.32 The Council's Local Plan does not promote the development of new tall buildings. The Council's Building Heights SPD sets out the Council's approach to tall buildings at various different scales, including 'local landmark' (up to 1.5 times taller than the context), 'district landmark' (1.5-4 times taller than the context), and 'metropolitan landmark' (over 4 times taller than the context). The existing towers at the site are critiqued in the SPD as failing to relate to neighbours in terms of scale, height, pattern and character.
- 3.33 London Plan policy is slightly more receptive to new tall buildings which may be acceptable if they are high quality, integrate well into their surroundings and address any pertinent environmental issues. As mentioned above, Policy 7.7 recommends a plan-led approach to tall buildings.

Implications

- 3.34 Though there are few examples of new tall buildings to the north, south and east of the site, there is a significant amount of new, high rise development coming forward to the west of the site at White City. However, these are located within the London Borough of Hammersmith and Fulham, which has a different policy approach to tall buildings.
- 3.35 The provision of new tall buildings on the site would need to be considered against the prevailing policy/ guidance context. Tall buildings are unlikely to be considered as part of an outline planning application, given the need to understand detailed design and this may influence the nature of any planning application involving a tall building(s). If tall buildings are included within a masterplan then these would need to be taken into consideration in terms of planning strategy and the format of any planning applications

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(there are a number of options, for example pursuing a hybrid outline planning application where full details are provided for the tall building, or separate full planning applications for the tall buildings, or a plan-led approach).

Heritage

- 3.36 There are Listed Buildings within the site (e.g. Latimer Education Centre).

Implications

- 3.37 Any works to or affecting the Listed Buildings would need to preserve and enhance their setting. Their heritage significance should be assessed at an early stage to understand potentially acceptable levels of intervention of the heritage fabric. The presence of Listed Buildings would also need to be taken into account in terms of the format and structure of any planning applications.

Other Considerations

- 3.38 Other issues may include (but would not be limited to): affordable housing, viability, decant and phasing, physical integration within the wider context, environment, transport, open space, and CIL/planning obligations.

OPTIONS APPRAISAL OVERVIEW

- 3.39 A high level appraisal has been undertaken which assesses each of the options from a planning perspective.
- 3.40 This assessment makes a number of assumptions, the most pertinent of which are outlined below:
- a. That the options will be assessed against the currently adopted Development Plan, as defined in the previous section.
 - b. No pre-application engagement with the Council Planning or any other statutory consultees (e.g. GLA) has taken place at this stage;
 - c. The proposed type and quantum of affordable housing (as a proportion of the net additional housing) has not been fully determined.

Option 1 – The Council's Land (Retain all Existing Towers)

- 3.41 Planning commentary:
- a. The listed building is retained and enhanced through refurbishment.
 - b. Parts of the traditional street pattern are reinstated and connections are established to north and east.
 - c. Public spaces are provided at the proposed Bramley Square and Silchester Square.
 - d. Retention of towers reduces the potential disruption to residents.

3.0 Planning Policy Context

- e. Connectivity benefits reduced compared to 'all land' options.
- f. Retention of towers limits reinstatement of traditional character of streets.
- g. Improvements, retail provision and place-making opportunities for Bramley Square may be more limited than options 4 – 6.
- h. Limited uplift in residential, and consequently limited uplift in affordable housing.
- i. Mid-rise scale of development may to be acceptable in townscape terms, however, the retention of towers and low-rise non-Council blocks may lower the overall townscape benefits of the scheme.

3.42 Other points: it will be important to consider treatment of retained towers and their relationship to the architectural style and form of new development.

Option 2 – Council Land (Demolish Towers; Buildings of Merit Retained)

3.43 Planning commentary:

- a. Listed building retained and enhanced through refurbishment, and setting improved by removal of towers.
- b. Parts of the traditional street pattern are reinstated and connections are established to north and east.
- c. Retention of WDT's sports pitches.
- d. Connectivity benefits reduced compared to all other options, Bramley Road in particular experiencing no significant improvement.
- e. Limited opportunities for a new public square at the centre of scheme and new neighbourhood centre. 'Silchester Square' has been created at the north-east of the site, however, it is unclear whether this is likely to be a desire line.
- f. Questionable relationship between existing massing of non-Council land to the west of Bramley Road and new development at the north-west of the site.
- g. Very limited uplift in residential which is assumed will not deliver an uplift in affordable housing.

Option 3 – Council Land (Demolish and Replace Towers with New Towers)

3.44 Planning commentary:

- a. Listed building retained and enhanced through refurbishment, and setting improved by removal of towers.
- b. Parts of the traditional street pattern are reinstated and connections are established to north and east.
- c. Public spaces are provided at Bramley Square and Silchester Square.
- d. Connectivity benefits reduced compared to 'all land' options.

3.0 Planning Policy Context

- e. Improvements, retail provision and place-making opportunities for Bramley Square may be limited compared to options 4 – 6.
- f. Limited uplift in residential, does not appear to be deliverable in viability terms and is therefore unlikely to deliver any additional affordable housing if pursued.
- g. Erection of new towers may be challenging to justify given the existing Council planning policy/political framework (though there could be more support within the GLA framework given its emphasis on meeting housing targets).
- h. The new towers appear to be located to the north, but in close proximity to the location of some of the existing towers.
- i. The location of new towers and the impact of these on the character of the area, the significance of the Oxford Gardens Conservation Area to the north, and the relationship to surrounding buildings, urban grain and public realm will need to be considered and assessed.
- j. Mid-rise scale of development may be acceptable in townscape terms, however, the retention of towers and low rise non-Council blocks may lower the overall townscape benefits of the scheme.

- 3.45 Other points: any new tall building will be expected to be of the highest standards of architecture and materials, with ground floors relating to surrounding streets.

Option 4 – All land (Retain all existing towers)

- 3.46 Planning commentary:

- a. The listed building is retained and enhanced through refurbishment.
- b. The traditional street pattern is largely reinstated and connections are established to north and east.
- c. Public spaces are provided at Bramley Square and Silchester Square. Improvements, retail provision and place-making opportunities for Bramley Square optimised.
- d. Retention of towers reduces the potential disruption to residents.
- e. Reasonable uplift in residential floorspace. The proportion of new affordable housing is not yet clear, but would be possible to achieve some uplift.
- f. Mid-rise scale of development may be acceptable in townscape terms, however, the retention of towers and low rise non-Council blocks may lower the overall townscape benefits of the scheme.
- g. Disruption for residents of all housing other than towers.

- 3.47 Other points: it will be important to consider treatment of retained towers and their relationship to the architectural style and form of new development.

3.0 Planning Policy Context

Option 5 – All Land (Demolish and Not Retain Towers)

3.48 Planning commentary:

- a. Listed building retained and enhanced through refurbishment, and setting improved by removal of towers.
- b. Reinstatement of the traditional street pattern is optimised, and connections are established to north and east.
- c. Public spaces are provided at Bramley Square and Silchester Square. Improvements, retail provision and place-making opportunities for Bramley Square optimised.
- d. Mid-rise scale of development may be acceptable in townscape terms.
- e. This option provides a greater delivery of new affordable and private housing, with all commitments to estate residents able to be met, and social housing re-provided.
- f. Requires increased levels of demolition and re-provision.
- g. Need to consider any loss of public open space and seek to re-provide.

3.49 Other points: the taller elements (9-12 storeys) may be justified in townscape terms given the loss of 3 significant towers and the location of these adjacent to rail lines and significant roads.

Option 6 – All Land (Demolish and Replace Towers with New Towers)

3.50 Planning commentary:

- a. Listed building retained and enhanced through refurbishment, and setting improved by removal of towers.
- b. Reinstatement of the traditional street pattern is optimised, and connections are established to north and east.
- c. Public spaces are provided at Bramley Square and Silchester Square. Improvements, retail provision and place-making opportunities for Bramley Square optimised.
- d. Significant uplift in residential.
- e. Requires increased levels of demolition and re-provision.
- f. Need to consider any loss of public open space and seek to re-provide.
- g. Impact of new towers on amenity of other new residential, especially the tower at the top of Bramley Road with a low rise block to immediate south.
- h. Erection of new towers may be challenging to justify given the existing Council planning policy/political framework (though there could be more support within the GLA framework given its emphasis on meeting housing targets).

3.51 Other points: location of new towers could be preferable in townscape terms by comparison with the location of the existing towers, in terms of physical integration of

3.0 Planning Policy Context

the built form. However, it will be necessary to demonstrate that these will not adversely affect the character of the area, the significance of the Oxford Gardens Conservation Area to the north, and the relationship with surrounding buildings, urban grain and public realm. Any new tall building will be expected to be of the highest standards of architecture and materials, with ground floors relating to surrounding streets.

3.52 Relationship of Silchester Square to the eastern towers to be developed.

PLANNING RECOMMENDATIONS / NEXT STEPS

- 3.53 Our initial thoughts on planning strategy are set out within Section 6 of the Planning Appraisal report issued under separate cover. In summary, this is based upon:
- a. Throughout, seek to influence emerging local planning policy to create as positive a framework as possible for the site.
 - b. Prepare a Case for Renewal sufficient to address the requirements of London Plan and Local Plan policy requirements. The planning Case is reliant on the long-term benefits of redevelopment exceeding any disruption and uncertainty caused.
 - i. At this stage, based upon the available information particularly on the condition of the estate, the Case is not yet clear.
 - ii. Further work will be needed. We anticipate an uplift in housing and new affordable housing (quantum and tenure), and extent of improvement in quality of re-provided social rented (against existing) to form part of the Case for Renewal, together with the potential to reinstate the traditional street pattern.
 - iii. The Case for Renewal should have regard to a 'do nothing' scenario which should identify some of the issues with the existing estate.
 - c. Seek Officers' (Council and GLA) agreement that further policy work is not needed as a precursor to a planning application.
 - d. Consider third party land ownership in the context of the masterplan vision to establish whether there are any parcels of land critical to the realisation of the masterplan. We would suggest engaging with Notting Hill Housing Association and the WDT as early as possible given the relationship of their land to the masterplan. The position of existing sports facilities needs to be clarified to start to assess any case to justify loss.
 - e. Consider the planning 'route' for progressing the site having regard (amongst other considerations) to the outputs from the above bullet points. This would include considerations on the format of any planning application(s).
 - f. Consider whether there are any matters which might be helpful to consider on a cross-estate basis, e.g. viability, tenures and decanting.
 - g. To engage with the Council Planning and GLA, particularly regarding:
 - i. The planning approach to be taken forward (i.e. application vs SPD).

4.0 Viability

INTRODUCTION

- 4.1 This section outlines CBRE’s approach to assessing viability and evaluation of the development options considered as part of the Stage 0 assessment.
- 4.2 The viability analysis and advice is provided on a high level basis at this stage. As such a process of approximation has been used to undertake the financial modelling. This is considered appropriate for viability testing at this early stage, and the financial testing and model design should be developed and refined as the scheme progresses.
- 4.3 The valuation advice provided as part of this analysis does not constitute a formal Red Book Valuation falling within the provisions of the RICS Valuation Standards. The advice is provided to give an indicative opinion of project viability.

Background

- 4.4 CBRE’s role, working with the Council, is to develop a masterplan which reflects Council’s vision for the area, whilst optimising financial viability and deliverability in planning and commercial terms. We consider this site is well located for major residential led development with good proximity to local amenities and public transport.
- 4.5 To arrive at a preferred masterplan option for the Silchester Estate, the initial scheme options will inevitably evolve requiring adjustments and refinements to land use mix, building layouts, and development densities. The end result will be to establish a residential led scheme which fully optimises the site, and creates an attractive and vibrant place to live.

Methodology

- 4.6 In order to evaluate development viability, a bespoke Excel based financial model has been created for the Council. The model enables all key assumptions to be varied so that the viability of different land use mixes, densities, costs and value assumptions can be tested.
- 4.7 Using the ‘residual’ land value method the model calculates how much a ‘Developer’ can pay for the site on an upfront basis – shown as ‘Development Deficit/Surplus’. This approach is outlined below.

Gross Development Value (Value of the completed scheme)
less
Costs (Costs, finance, professional fees, developers profit)
equals
Development Deficit/Surplus (How much a developer may pay for the site)

4.0 Viability

- 4.8 The analysis is predicated on the need to rehouse existing tenants on the redevelopment as well as the ability to offer resident leaseholders the option to return to the scheme on a shared equity basis.
- 4.9 The financial appraisal is set up using current costs and current values i.e. we have not projected any growth in values (or variations in construction costs) over the development period. Implications for possible phasing and decanting arrangements are similarly not addressed in the model.
- 4.10 Prior to preparation of the financial model, CBRE and the Council's agreed key assumptions on which to structure the base model. Individual assumptions have therefore been provided by a range of parties including the Council, Porphyrios Associates and CBRE's own assumptions.

Approach

- 4.11 The financial model is predicated on the following approach:
 - a. Residual appraisal undertaken to derive the overall development surplus / deficit to assess each option.
 - b. All options assume delivery with a 'Development Partner' with appropriate assumptions made in respect of market level returns.
 - c. All existing on-site affordable units are assumed to be re-provided on an estimated existing floor area basis.
 - d. Remaining developable area is assessed on the basis of market sale values.
 - e. Sensitivity analysis has been prepared to calculate impact of providing 'net additional' affordable housing, over and above re-provision.
 - f. Scenarios which incorporate land in private ownership assume a Joint Landowners Agreement between all parties.
 - g. Individual 3rd party commercial interests are assumed to be either acquired or retained within the development.

Development/Financial Assumptions

- 4.12 The appraisal inputs are structured into five key areas: Capital Values; Development Costs; Other Assumptions; Third Party Commercial Interests; and Exclusions.
- 4.13 Given the early stage of the design process, the intention is to apply broad assumptions only at this stage to enable a comparative assessment to be made between the individual options. We acknowledge limitations around some of the assumptions provided.
- 4.14 All assumptions will be considered in further detail as the project progress through the design and feasibility process.

4.0 Viability

DEVELOPMENT/FINANCIAL ASSUMPTIONS

- 4.15 The appraisal inputs are structured into five key areas: Capital Values; Development Costs; Other Assumptions; Third Party Commercial Interests; and Exclusions.
- 4.16 Given the early stage of the design process, the intention is to apply broad assumptions only at this stage to enable a comparative assessment to be made between the individual options. We acknowledge limitations around some of the assumptions provided.
- 4.17 All assumptions will be considered in further detail as we progress through the design and feasibility process. We outline below the principal appraisal assumptions.

TABLE B1: CAPITAL VALUES

UNIT TYPE	ASSUMPTION	SOURCE	COMMENT
Private Values	£10,225 per sq m (£950 per sq ft)	CBRE	Current market assumption
Ground Rent	£350 per private unit	CBRE	Current market assumption
Social Rent Value	Nil value attributed	Council	Assuming re-provision of existing units only
Intermediate Value	£3,767 per sq m (£350 per sq ft)	CBRE	Reflects upper income threshold limit (Mayoral Guidance) Nil grant assumed

TABLE B2: DEVELOPMENT COSTS

UNIT TYPE	ASSUMPTION	SOURCE	COMMENT
Base Build Costs	£2,152 sq m (private) £1,937 sq m (affordable)	CBRE	High level market benchmark assumption to enable like for like comparison of options. Formal cost plan to be prepared following further design work.
Prelims	15%	CBRE	Standard market benchmark assumption
Contractor Overheads	5%	CBRE	Standard market benchmark assumption
Professional Fees	12%	CBRE	Standard market benchmark assumption
Demolition	£100 per sq m	CBRE	High level market benchmark assumption to enable like for like comparison of options. Formal cost plan to be prepared following further design work.
Finance	5%	CBRE	Approximate calculation in the absence of scheme cashflow.
Marketing Fees	1% Private GDV	CBRE	Standard market benchmark assumption
Sales Fees	2% Private GDV	CBRE	Standard market benchmark assumption
Legal Fees	0.5% Private GDV	CBRE	Standard market benchmark assumption

4.0 Viability

TABLE B3: OTHER ASSUMPTIONS

UNIT TYPE	ASSUMPTION	SOURCE	COMMENT
Developer's Profit	18% on Value (Private) 6% on Cost (Affordable)	CBRE	High level market benchmark assumption to enable like for like comparison of options. Reflects large scale nature of scheme.
Disturbance / Homeloss	£6,100 per unit	Council	Standard benchmark
VP costs (Council / Non Council leaseholders)	Market Value	CBRE	Acquisitions assumed at Market Value 50% leaseholders assumed to be re-provided on Shared Equity basis
Average Residential Unit Size	75 sq m	Council/ CBRE	Assumption to be refined following further design work
Residential Gross to Net	85%	CBRE	Assumption to be refined following further design work

TABLE B4: THIRD PARTY COMMERCIAL INTERESTS

UNIT TYPE	ASSUMPTION	SOURCE	COMMENT
Pig & Whistle (lease)	£500,000	Council/CBRE	Market value (estimate)
Bugsy Convenience Store (lease)	£500,000	Council/CBRE	Market value (estimate)
Latimer Christian Centre (re-provide)	£450,000	CBRE	Re-provision cost estimate
ADKC's Offices (Whitstable House)	£500,000	Council/CBRE	Market value (estimate)
Office / Studio (54 Blechynden Street)	£3,750,000	Council/CBRE	Market value (estimate)
Latimer Education Centre (School)	Nil Value	Council	Assumed re-provided

Exclusions

4.18 The following potential cost headings have been excluded from our viability assessment. These elements will be considered in further detail as the design and feasibility progresses. It should be noted that there is a risk that following further due diligence, some of the costs below could amount to be substantial and have a material effect on viability.

- Public realm improvements
- Strategic (site wide) infrastructure
- Abnormal costs (e.g. remediation)
- Cost / value inflation

Treatment of Land Value

4.0 Viability

- 4.19

To bring these sites forward, the proposed development will need to generate a sufficient land value to justify redevelopment from a financial viability perspective. This typically equates to sufficient return above existing use value to enable a competitive return to the landowner(s). In this context, financial viability is recognised as a key consideration in deliverability terms.
- 4.20

Nil land value has been assumed for all the Council’s and private land ownership for the purpose of the viability testing. It is assumed a formal Landowners Agreement is reached between the parties to enable comprehensive regeneration of the estate. This assumes the landowners will share the profits/surplus generated by the scheme on a basis to be agreed, including the potential for additional affordable housing.

Indicative Unit Numbers

- 4.21

Below is an indicative unit numbers for each option identifying the potential ‘net uplift’ in the number of new homes on the estate after re-provision of existing housing.

TABLE 2: INDICATIVE HOUSING PROVISION

OPTION	NO. OF HOMES TO BE DEMOLISHED	NO. OF AFFORDABLE HOMES TO BE DEMOLISHED/ REPROVIDED	PRIVATE HOMES REPROVIDED AS S/E	TOTAL NO. OF HOMES TO BE RETAINED	TOTAL NO. OF HOMES	NET UPLIFT IN NO. OF HOMES (AFTER REPROVISION)
1	179	120	30	320	798	328
2	499	413	43	0	644	188
3	499	413	43	0	800	344
4	325	246	40	320	1,247	641
5	645	539	53	0	1,444	852
6	645	539	53	0	1,433	841

**Above analysis provided as draft and subject to review*

VIABILITY RESULTS

4.0 Viability

4.22 In order to assess and calculate comparable viability, we have reviewed whether 'development surplus or deficits' are generated by each option. We set out a summary of our financial viability results below.

TABLE 3: VIABILITY SUMMARY

	Council Land			Council & Non-Council Land		
Option	1	2	3	4	5	6
Total new unit no. (Net uplift)	798 (328)	644 (188)	800 (344)	1,247 (641)	1,444 (852)	1,433 (841)
Total no. of affordable units	413 (320)	413 (0)	413 (0)	539 (320)	539 (0)	539 (0)
% Affordable housing delivered in option	52%	64%	52%	43%	37%	38%
Viability (surplus)	-£3m	-£96m	-£47m	+£43m	+£56m	+53m
@ 10% additional affordable (net)	-£13m	-£102m	-£59m	+£21m	+£28m	+£25m
@ 20% additional affordable (net)	-£23m	-£107m	-£71m	£0m	£0m	-£3m

Key:

- **Total unit numbers** = combined total of existing and new units.
- **Total number of affordable units** = assumed number of affordable homes to be demolished and re-provided within the new scheme of which those existing and to be retained are shown in brackets.
- **Affordable Housing** = total affordable housing across the site (total number of affordable units divided by total unit number) shown as a percentage.
- **Viability (surplus / deficit)** = available surplus for a developer to pay for the site and to fund additional affordable housing (red – not viable; yellow – review; green – viable).
- **Additional Affordable (net)** = sensitivity analysis to calculate impact of providing 'net additional' affordable housing, over and above re-provision.

VIABILITY CONCLUSIONS

4.0 Viability

4.23 Following a comparative assessment of the options, the conclusions are as follows:

- Options 2 and 3 (Council only land) are unviable
- Option 1 (Council only land) is potentially deliverable but marginal
- Options 4, 5 and 6 (Council and non-Council owned land) are viable – subject to sufficient density, and flexibility in additional affordable housing provision.

Emerging conclusions from the viability assessment indicate that viability is linked to being able to provide sufficient density of new homes and ensuring that only a deliverable quantum of additional affordable housing is provided.

4.24 The above conclusions demonstrate that based on the assumptions outlined, there are some potentially viable options for the redevelopment of the Silchester Estate. However viability and consequently overall deliverability should be considered in the context of:

- Refinement of options including design, density and mix of uses
- Reaching a satisfactory agreement with private landowners
- Detailed assessment of development costs including site wide infrastructure and abnormals
- Delivering to an appropriate density

4.25 Going forward and in the light of our results, it will be important to design a scheme which not only creates an attractive place to live but which also optimises the site area and development density to ensure deliverability.

4.26 In this context, as the regeneration moves forward it will be important for the Council to maintain an active dialogue with landowners where sites are in private ownership and owners of existing 3rd party commercial interests. In addition, having regard to viability, the Council may also need to adopt a flexible approach in relation to the application of its affordable housing policies.

Key Viability Drivers

4.27 Below are the key viability drivers identified from our financial viability analysis and subsequent scenario testing. Each of these elements will require detailed investigation and scrutiny as part of the next stage: -

- Basis of land value requirement
- IRR / profit benchmark
- Base build costs
- Build and sale periods
- Detailed unit pricing
- Inclusion of commercial floor space
- Scale of hard/soft infrastructure required
- Public funding assumptions

4.0 Viability

- Professional fees & contingency assumptions
- Treatment of inflation – Regeneration effect, HPI vs Cost inflation

Caveats

The viability analysis and delivery advice is provided on a high level basis to give an indicative opinion of project viability which is appropriate at this stage.

In Stage 1 the viability assessment will address sensitivity analysis for the options taken forward (including phasing, decant and delivery). We have not undertaken any investigations, nor are we aware of the content of any contamination or the possibility of any such contamination on the site.

Details of title/tenure under which the properties are held are as supplied to us. We have not examined nor had access to the deeds, leases or other related documents. We should emphasise that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal advisor.

We have not measured the sites and relied upon information provided.

The valuation advice provided as part of this analysis does not constitute a formal Red Book Valuation falling within the provisions of the RICS Valuation Standards. The advice is provided to give an indicative opinion of project viability.

5.0 Conclusion

Introduction

- 5.1 The RIBA Stage 0 (Strategic Definition) assessment was undertaken against several criteria in order to inform the client as to the deliverability of a redevelopment option for the Silchester Estate.
- 5.2 The deliverability is defined as assessing a combination of issues, as detailed below which options will be suitable to investigate further at Stage 1, if this decision is taken by Cabinet:

a. Meets commitment to estate residents;

b. Capable of being financially viable;

c. Meets planning requirements;

d. Delivers more and improved affordable housing;

e. Delivers conservation areas of the future; and

f. Creates high quality green and public spaces.
- 5.3 This study illustrates that there are various options, refinement of options, or/and combinations of options that could be taken forward to give greater clarity in terms of undertaking the regeneration of the Silchester Estate.

Option	Meets commitment to estate residents	Financially viable	Meets planning requirements	Delivers more and better affordable housing * (Net total uplift)	Delivers conservation areas of the future	Creates high quality green and public spaces	Recommendations
1	Good	Marginally unviable		413 (328)	Weak	Moderate	Pursue (refine)
2	Good	Unviable		413 (188)	Moderate	Moderate	Not pursue
3	Good	Unviable	(new towers)	413 (344)	Moderate	Moderate	Not pursue
4	Good	Viable		539 (641)	Moderate	Moderate	Pursue
5	Good	Viable		539 (852)	Good	Good	Pursue
6	Good	Viable	(new towers)	539 (841)	Good	Good	Pursue

6.0 Recommendations and Next Steps

RECOMMENDATIONS

- 6.1 It is the consultant's view that the Council should progress with this project into RIBA Stage 1 (Preparation and Brief) and Stage 2 (Concept Design) and recommends: -
- Pursuing **Options 1, 4, 5 and 6** alongside 'do nothing' and 'refurbishment' options; and
 - Not pursuing Options 2 and 3.

NEXT STEPS

- 6.2 Create a potential **Stage 1 brief** that addresses:
- a. Detail development of design brief;
 - b. Site due diligence and de-risking (inclusive of underground services and site area constraints);
 - c. Approach to phasing, decant and delivery strategy;
 - d. Further financial analysis, detailed cost analysis;
 - e. Commence formal pre-app planning discussions; and
 - f. The Council's governance.

Community engagement

- 6.3 The study highlights the broader opportunity that could be realised by the Council should they undertake development with private **Landowners** within the red line boundary; we would suggest early exploration of **JV** options:
- a. Preliminary discussions with private landowners
 - b. Terms for Joint Landowners Agreement
 - c. Implication of agreement not being reached with all 3rd party landowners (Route of CPO)
 - d. Control, governance and approach to development partner selection
- 6.4 Stage 1 programme: 6-months from decision to proceed.