

## Appendix 2

### Case Study: Elizabeth House

1. In 2015, planning permission was granted for the redevelopment of Elizabeth House under planning application 12/01327/FUL. The description of the proposed development is as follows:

Demolition of all buildings and structures on the site, including removal of the high level footbridge over York Road, and redevelopment to provide two new buildings of part 29 and part 14 storeys (north building) and 11 storeys (south building) respectively with a part one/part two level common basement to provide 132,127sqm of floorspace (GEA), comprising B1 offices (88,649sqm), C3 residential (comprising 142 units), areas of flexible Use Classes A1- A5 and B1 at ground level and ancillary parking and servicing space; works of hard and soft landscaping to Cab Road and Mephram Street, the provision of a new access to Waterloo Station on West Road and associated works; works of hard and soft landscaping and the provision of a single storey structure providing car lifts and Class A use on West Road; works of hard landscaping to York Road and Leake Street; plant and other associated infrastructure and works.

2. The total GIA floorspace of the proposed development is 126,674m<sup>2</sup> comprising of:
  - 32,511.85m<sup>2</sup> residential
  - 93,171.15m<sup>2</sup> office
  - 991m<sup>2</sup> other retail

The existing buildings on the site that will be subject to demolition has a GIA floorspace of 39,332m<sup>2</sup>.

3. A CIL liability notice has been issued for the development totalling £18,536,673.35 which consists of £3,509,347.12 for Mayoral CIL and £15,027,326.23 for Lambeth CIL.
4. The ownership of the site was transferred to HB Reavis UK Limited. The new owners have applied to convert the extant permission into a phased permission via 18/04614/NMC. Two phases are being proposed as follows:
  - Phase 1 Demolition and first implementation works
  - Phase 2 Construction and second implementation works
5. Phase 1 is likely to have NIL CIL liability. Phase 2 is likely to trigger payment of the full CIL liability of £18,536,673.35.
6. Assuming the non-material amendment to 12/01327/FUL is approved and the Elizabeth House permission becomes a phased development, on commencement of Phase 2, the CIL Demand Notice will be payable in two instalments of £9,268,336.67 under the Mayor of London's instalment policy. The first instalment is payable within 60 days of commencement of Phase 2. The second instalment is payable in 240 days of commencement of Phase 2.

7. Under the proposed Lambeth CIL instalment policy set out in Section 2.1 of this report, the CIL Demand Notice for Phase 2 of the Elizabeth House development will be payable in four instalments of £4,634,168.33 with the first instalment payable in 60 days of commencement of Phase 2, the second instalment payable in 240 days of commencement of Phase 2, the third instalment payable in 420 days of commencement of Phase 2 and the fourth and final instalment payable in 600 days of commencement of Phase 2. According to HB Reavis UK Ltd, the overall project is expected to be completed in 5 years (1,800 days from the start of Phase 1).
8. While the developers have expressed their intention of commencing 12/01327/FUL before the permission expires on 8 July 2020, there are also on-going discussions to submit a new planning application to supersede the extant permission. At this point, all figures relating to GIA floorspace and the calculations of CIL liability from this new planning application are still tentative and may therefore differ from the actual final figures.
9. The total GIA floorspace being considered for this new application is 192,949m<sup>2</sup> comprising of:
  - 178,637m<sup>2</sup> office
  - 14,312m<sup>2</sup> A1/2/3/4/5/D2 use (likely to be a shopping mall)
10. The new planning application will likely be liable for the new Mayoral CIL rates in London expected to take effect from April 2019. If planning permission is granted before 2020, the new scheme will continue to be liable for the existing rates for Lambeth CIL, not the revised rates being proposed. Assuming this, the total GIA floorspace tentatively being proposed for the new planning application for Elizabeth House will potentially attract a total CIL liability of £53,688,302.62 comprising of £28,191,254 for MCIL2 and £25,497,048.62 for Lambeth CIL.
11. Further assuming the proposed phasing plan for the Elizabeth House scheme is unchanged, commencement of Phase 2 will trigger the demand for the payment of the full CIL liability. Under the Mayor of London's instalment policy, this will be payable in two instalments of £26,844,151.31 in 60 days and then 240 days from commencement of Phase 2.
12. Under the proposed Lambeth CIL instalment policy set out in Section 2.1 of this report, the CIL Demand Notice for Phase 2 of the new planning application for Elizabeth House will be payable in five instalments of £10,737,660.54 due in 60, 240, 420, 600 and 780 days of commencement of Phase 2. The final instalment will still be within 5 years of completion of the scheme from commencement of Phase 1. Based on the current rate of 0.75 of 1% offered by the Bank of England, the potential loss of CIL interest earnings from this scheme that would have been made under the Mayor of London's instalment policy but not under the proposed Lambeth CIL instalment policy will be £297,859.76.