JAMES.R.BROWN AND CO LTD
DEVELOPMENT VIABILITY & AFFORDABLE HOUSING

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The Planning Applicant,
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9/6/25

Dear Sirs,

PROPOSED HOTEL EXTENSION AND RE-DEVELOPMENT OF SITE AT LONG DRIVE, SOUTH RUISLIP, HA4 0HG CURRENTLY ACCOMMODATING; HOTEL, CASH & CARRY, CONFERENCE CENTRE AND SMALL OFFICE BUILDING.
FINANCIAL VIABILITY.

Further to the Quintic review dated May 2026 (which I have only just received) and their addendum dated June 2026, my main/initial comment relates to the proposed affordable housing - and S.106 affordable housing in general.

With reference to Quintic's Scenario 1 appraisal from May 2026, I now understand that there is no scope for any grant funding (emergency measures or otherwise) on this site because it would be classified as a former industrial site. As such, Quintic's viability assessment and my original assessment are incorrect in assuming scope for grant funding.

This would indicate that, leaving aside various other appraisal assumptions that we do not agree with (based upon evidence), Quintic therefore need to remove the £2.19m of grant that they have added to their GDV which would mean their appraisal would show that the scheme is not viable with 24 affordable units such that 24 units is proven to be <u>more than</u> the maximum reasonable provision.

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We would add that:-

- we do not agree with the way in which Quintic have simply added grant funding to their non-grant funded affordable housing values as this is not how it works in reality and never has done from the developers perspective. This is because 100% of any grant provided to a Registered Provider to help them purchase S.106 affordable rarely feeds through 100% to a developer because a condition of grant provision (and/or a choice by the purchasing RP) would be that they would make the Shared Ownership more affordable (i.e. to households with lower gross incomes) in parallel (to an unpredictable extent), and;

- we consider it highly unlikely that any RP would pay the equivalent of £408 per sq.ft. for S.106 Shared Ownership in this location even if some maths can be used to academically suggest that this might be possible (which would require it to be as least affordable possible).

Having said that, I would add that all aspects of potential S.106 affordable housing have become completely chaotic and unpredictable. I and prospective developers simply can't keep up with grant funding matters and what S.106 affordable housing values might be anymore because:-

- The rules keep changing, and/or;
- The total available grant funding in any particular period is unknown or prone to be an illusion and, as of now, the GLA are saying the current bidding round is over-subscribed (albeit this is based upon bids from RPs for schemes that they have asserted and/or are assuming will be built notwithstanding that there is a high likelihood that they will not be built). This suggest that there is no prospective grant funding even if the subject site did qualify, and/or;
- The RPs remain seemingly uninterested in buying S.106 affordable from private developers (regardless of quantity) suggesting that the oversubscription of bids for grant to the GLA relate to RP's own development projects where in London we are aware (from work we have carried out for some of them) that some of the biggest RPs have enormous development viability deficits.

Review clauses (watered down somewhat by the emergency measures) are another uncertain factor that is blighting development. If these are recognised as being problematic (which they must be by the Government/GLA or else they wouldn't have adjusted policy requirement in this regard within the emergency measures) why not deal with that problem more decisively (e.g. by scrapping them altogether except for multi-phase long term scheme as used to be old London Plan policy position).

What this means for prospective private developers is that although they can establish what price they must achieve from a certain affordable housing provision, they cannot know (even if they liaise closely with RPs which is virtually impossible in practice) whether that price will be achievable and/or what affordable housing tenures and 'affordability' parameters/targets can facilitate that price.

We appreciate that LPAs have certain S.106 affordable housing policies (n.b. never delivered at maximum levels over recent years) but all of the above necessitates much more flexibility and 'cascades' in S.106s. Such cascades (which used to feature in S.106s circa 20-30 years ago but got pushed out) would/could help all interested parties by facilitating a process like the following (for example):-

- *Developer to provide x% affordable housing (with a tenure and affordability split of y) if it is technically worth £z and they are able to sell it for at least £z.*

- *If (despite best endeavours), Developer cannot get any RP to buy the S.106 affordable on the above basis for £z then the Developer can approach non-RPs who would nonetheless be restricted by the remaining S.106 affordable housing requirements/restrictions.*

- *If Developer cannot (despite best endeavours) sell the S.106 affordable for £z to any non-RP then they are free to sell it to an RP (in the first instance) based upon an alternative affordable housing tenure and affordability split that facilitates a sale for £z.*

- *If Developer cannot (despite best endeavours) sell the S.106 affordable for £z to any non-RP then they are free to sell it to an RP (in the first instance) based upon an alternative affordable housing tenure and affordability split that does facilitate a sale for £z.*

- *If despite altering the affordable housing tenure and affordability split the Developer is still unable to sell it for £z then they are free to reduce the affordable housing quantum (and substitute with private residential) up to a point where they can sell the space that previously made up the bigger affordable housing provision for £z.*

Etc.

Yes – this would be complicated and would involve some freshly pioneering legal drafting endeavour but without it we fear S.106 affordable housing will continue to contribute to the various headwinds that are currently making C3 residential development across London unviable and unfundable to the extent that it is generally not happening.

However, going back to Quintic's Scenario 1 appraisal from May 2026, the deletion of £2.19m in grant would confirm that the 24 affordable units represent significantly more than the maximum reasonable affordable housing provision.

As mentioned above, we disagree with other appraisal assumptions used by Quintic but we think the affordable housing/grant issues need to be discussed/acknowledged first.

Yours faithfully,

J Brown

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