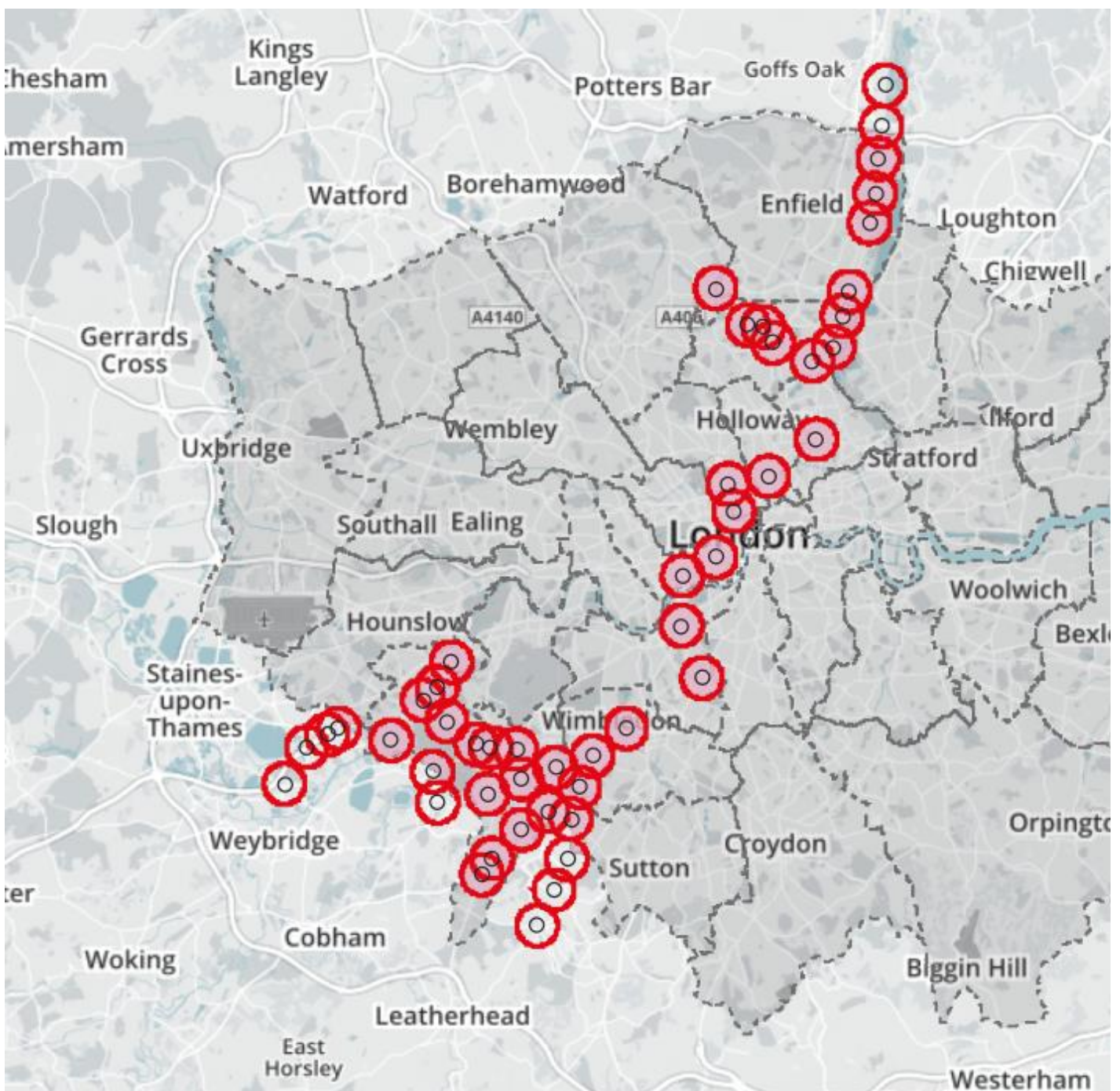


Crossrail2 Station Zones (DRAFT)

Viability Analysis for MCIL2

29 August 2017



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DRAFT

1 Executive summary

1.1 Executive summary

The executive summary is to be read in conjunction with the methodology and assumptions outlined in the remainder of this report.

Crossrail2 is a proposal for a new railway route that links central London to Hertfordshire in the north and Surrey to the south. One of the proposed funding options is through Mayoral CIL once the funding target for Crossrail 1 is met or exceeded.

Transport for London (TfL) and the Greater London Authority (GLA) have been working towards preparing a Preliminary Draft Charging Schedule (PDCS) for Mayoral Community Infrastructure Levy 2 (MCIL2), an updated set of Mayoral CIL rates and charging bands proposed for post April 2019. JLL has supported this process, acting as viability consultants.

1.2 Your instructions and project scope

You have asked us to consider whether or not a charge of £10 or £15 per sq m, in addition to the proposed MCIL2 rates, could be supported within 1km radii of proposed Crossrail2 stations. The desire to explore this possibility has been driven by the existing Crossrail S106 regime, which applied a higher rate than the current MCIL to 1km station zones along the route.

In order to do this we:

- Identified Crossrail2 station host boroughs and estimated the amount of potential development within each 1km station zone based on MCIL receipts to date;
- Took into account overlaps in 1km zones to ensure no double counting;
- Identified possible £10 and £15 per sq m increases in MCIL2 around station zones to assess viability:
 - a) Considered the amount of MCIL, including a station zone top-up, as a percentage of average house prices within each 1km zone;
 - b) Considered the relationship between MCIL, including a station zone top-up, as a percentage of the host Borough CIL 'buffer' (where possible depending on the level of detail in each Borough CIL report) taking into account average house price increase and cost growth since the Borough CIL viability evidence was prepared;
- Considered a JLL baseline calculating MCIL data collected from MCIL receipts and compare this to the baseline used for the GVA/AECOM work.¹
- Adjusted the assumptions in the JLL baseline to establish the extent that the current MCIL run rate for the boroughs in question would need to increase to get the GVA/AECOM predictions of development as a result of Crossrail2.
- Calculated potential MCIL2 revenues and additional receipts assuming a £10 or £15 per sq m surcharge in addition to the MCIL2 core rates for the JLL baseline and GVA/AECOM forecast scenarios.

Your instruction asked us to consider if there is a difference between value impact on areas that are already served by a station to be upgraded by Crossrail2 compared to an area with limited existing public transport connections. However, since all of the proposed Crossrail2 stations that fall within the Greater London boundary

¹ See: GVA report titled *Crossrail2 Work Package 4, Development Assessment and Socio-Economic Impact, Property Market Assessment and Impact*, June 2015 and in conjunction with GVA, AECOM produced an Excel based model titled '11130 CR2 WP4 Development Potential Model_Phase One'

are already served by an existing train/underground service to be upgraded, this question proved to be theoretical and we have not addressed it further in this analysis.

1.3 Study area and station zones

There are 38 proposed Crossrail2 stations along the route within London. These stations are hosted by the following 11 boroughs:

- Camden
- City of Westminster
- Enfield
- Hackney
- Haringey
- Islington
- Kensington and Chelsea
- Kingston Upon Thames
- Merton
- Richmond Upon Thames
- Wandsworth

The focus of our study is 1km radii around the proposed Crossrail2 station locations, which also brings the following 5 boroughs into the scope of our study:

- Barnet
- Hounslow
- Lambeth
- Sutton
- Waltham Forest

In total the land area of the boroughs in our analysis totals circa 62,013 hectares. The area of the boroughs within the 1km Crossrail2 station zones equates to circa 10,454 hectares, or 17% of the total. Borough by borough analysis is covered in in Section 3.2 and Table 3 of this report.

1.4 PTAL changes as a result of Crossrail2

In previous work undertaken by AECOM and GVA, station by station analysis was undertaken to estimate the improvements to PTAL ratings that would occur on identified development sites along the route.² We have taken the average of the PTAL ratings at each potential site around stations to show which locations stand to gain the largest improvement in terms of transport accessibility as a result of Crossrail2.

Our findings are as follows:

- Significant improvements in PTAL ratings occur at each end of the proposed route, in Enfield, and Haringey in the north and Richmond Upon Thames and Merton in the south, with ratings increasing from 1x to 1.75x on a station by station basis as a result of improved connectivity;

² See: GVA report titled *Crossrail2 Work Package 4, Development Assessment and Socio-Economic Impact, Property Market Assessment and Impact*, June 2015 and conjunction with GVA, AECOM produced an Excel based model titled '11130 CR2 WP4 Development Potential Model_Phase One'

- The least improvement was seen in centre or at stations which already have good transport connectivity. No improvement to PTAL rating is seen at Tottenham Court Road, for example.
- Even if PTAL ratings are improved, this does not necessarily mean that development density can increase exponentially without associated supporting planning policy changes in terms of height, massing and availability of development land/sites.

Further analysis of PTAL ratings and changes across the route can be found in Section 5.4 of this report.

1.5 Development activity in station zones

1.5.1 Baseline

Based on MCIL2 receipts for the year 2016-17 we have estimated that development activity within the proposed Crossrail2 1km station zones equated to 193,816 sq m of net additional chargeable floor space. Based on housing delivery data and an average unit size of 88.33 sq m, we estimate this translates to circa 1,668 net additional dwellings and circa 46,450 sq m of development split across non-residential uses. The JLL baseline is established through analysis of development recorded through MCIL receipts, and having regard to the land area of the station zones as a proportion of their host boroughs (c.17%).

As a cross-check we have reviewed the 2016-17 MCIL payments by geographical location and the data shows development is generally spread relatively evenly across the Crossrail2 host boroughs. However, locations which show a trend towards development in stations zones are Westminster and Wandsworth. Development in Westminster has been more concentrated in the south of the borough, to the west of Tottenham Court Road around Victoria stations, for example, compared to the north i.e. St John's Wood and Maida Vale. In Wandsworth, development is generally more focussed around Clapham Junction and Balham, therefore our baseline numbers provide a conservative estimate.

This contrasts with GVA/AECOM's *'Net additional homes Current Practice – Central Case'* by phase and station, which suggests a total of 44 are currently being delivered over and above those demolished within 1km zones around proposed Crossrail2 stations along the route. If we look at GVA/AECOM's cumulative amount of net additional homes expected to be delivered over a 24 year period to 2040/41 without Crossrail2, an average of 1,104 per annum is produced. This suggests that even if we make allowances for phasing of development and use averages, GVA/AECOM's baseline position is still significantly lower than that suggested by current MCIL data used in the JLL baseline.

Therefore, we adopt **193,816 sq m** of net additional chargeable floor space, including **1,668 net additional dwellings per annum** to be delivered as the baseline position for our analysis (the "JLL baseline"), assuming that development activity will continue at this level assuming no Crossrail2 is delivered and there are no significant changes to planning policy or housing delivery policy.

See Section 5 below for further detail.

1.5.2 Uplift scenario assuming Crossrail2 is built

We have analysed AECOM/GVA work which shows a total of 71,655 net additional homes over existing stock being delivered over period to 2040/41. This equates to an average of circa 2,986 net additional homes per annum over the 24 year period. In total, the AECOM/GVA baseline equates to a total to 343,211 sq m of net additional floor space per annum on average, based on our analysis.

The uplift between AECOM/GVA's average baseline of 1,104 net additional homes per annum and target of 2,986 homes per annum assuming Crossrail2 is delivered, represents development activity increasing in the order of 170% as a result of Crossrail2 and associated planning and housing policy changes.

Assuming that the AECOM/GVA uplift scenario is appropriate, based on their assumed changes to planning policy and housing delivery as a result of Crossrail2, an increase of circa 79% in development activity is required to move from JLL's baseline based on MCIL receipts, i.e. 1,668 to 2,986 net additional homes per annum. We have adopted this as Scenario 1 in our analysis.

Due to the significant increase in development activity over and above what is assumed to be happening in line with the JLL baseline to reach AECOM/GVA's uplift scenario, we have also undertaken a Scenario 2 that assumes development activity increases by 25% over the JLL baseline as a sensitivity test. This equates to an annual **2,085 net additional dwellings** above existing stock delivered on average and circa **242,270 sq m** of total net additional development per annum.

A summary of the JLL baseline, Scenario 1 and Scenario 2 is contained in Table 1 below and more detail is set out in Section 5.

1.6 Proposed MCIL2 rates and analysis of potential revenues

We apply MCIL2 rates applicable to each borough in assessing the baseline position.

The underlying borough rates are applied at £80, £60 and £25 per sq m and at £185, £165 and £140 per sq m for office, retail and hotel uses in the central London charging area, as per the MCIL2 preliminary draft charging schedule.

In addition, we apply a £10 or £15 per sq m as a Crossrail2 station zone top up in addition to the proposed MCIL2 charge in order to quantify the additional revenues that could be captured, subject to viability and Examination in Public.

1.7 Summary Findings

1.7.1 Summary of possible revenues

We have undertaken analysis based on four scenarios. Our findings are as follows:

- **JLL baseline** – assuming development activity continues at the current rate (based on 2016-17 MCIL receipts) pro-rated to reflect the amount of area in the station zones compared to the area of the borough in question, MCIL2 revenues generated within proposed Crossrail2 station zones would equate to circa **£14,420,000 per annum**, totalling **£346,080,000** over a 24 year period in absolute terms.
- **JLL baseline, including a station zone top up** – assuming development activity continues on average at the current rate (based on 2016-17 MCIL receipts), a £10 per sq m station zone top up would equate to an additional circa **£1,940,000 per annum**, rising to **£2,910,000 per annum** if a £15 per sq m top up is charged. This would total absolute additional absolute revenues in the order of **£46,560,000 to £69,840,000** respectively, over a 24 year period.
- **Scenario 1 AECOM uplift scenario** – assumes that development densities increase by circa 79% above the JLL baseline as a result of Crossrail2 and associated changes in planning policy to match AECOM's assumptions on the annual delivery of net additional dwellings. On this basis, proposed MCIL2 receipts would be in the order of **£25,810,000 per annum**, totalling circa **£619,440,000** in absolute terms over a 24 year period. If a £10 per sq m station zone top up is charged an additional circa **£3,470,000 per annum** could be generated, rising to **£5,200,000 per annum** if a £15 per sq m top up is charged. This would total absolute additional revenues in the order of **£83,280,000 and £124,800,000** respectively, over a 24 year period.

- Scenario 2** - assumes that development densities increase by 25% above the JLL baseline as a result of Crossrail2 and associated changes in planning policy. On this basis, proposed MCIL2 receipts would be in the order of **£18,020,000 per annum**, totalling circa **£432,480,000** in absolute terms over a 24 year period. If a £10 per sq m station zone top up is charged an additional circa **£2,420,000 per annum** could be generated, rising to **£3,630,000 per annum** if a £15 per sq m top up is charged. This would total absolute additional revenues in the order of **£58,080,000** and **£87,120,000** respectively, over a 24 year period.

A breakdown of scenario by net additional area along with associated proposed MCIL2 and Crossrail2 station zone revenues are detailed in Table 1 below and in Section 6 of this report.

Table 1: Summary of scenarios and revenues assuming Crossrail2 station zone top up at £10 and £15 per sq m

Use - area in sq m / number of net additional residential dwellings within 1km Crossrail2 station zones and revenues per annum/total	JLL baseline - no station zone top up	JLL baseline - including station zone top up at £10 per sq m	Scenario 1 - Development densities increased by 79% above JLL baseline to match ACECOM assumptions on delivery of net additional dwellings	Scenario 2 - Development densities increased by 25% above JLL baseline
Central London charging area Office (sq m)	6,391	6,391	11,439	7,989
Central London charging area Office Retail (sq m)	992	992	1,776	1,240
Central London charging area Office Hotel (sq m)	2,203	2,203	3,944	2,754
Office, Hotel, Retail outside of central London and Other uses (sq m)	36,863	36,863	65,977	46,079
Residential (sq m)	147,366	147,366	263,753	184,207
Total area (sq m)	193,816	193,816	346,889	242,270
Number of net additional dwellings per annum	1,668	1,668	2,986	2,085
Years for analysis	24	24	24	24
Total net additional homes	40,041	40,041	71,664	50,051
MCIL2 revenues generated pa	£14,420,000	£14,420,000	£25,810,000	£18,020,000
MCIL2 revenues generated total	£346,080,000	£346,080,000	£619,440,000	£432,480,000
Revenue from station zone top up pa (£10 per sq m)	N/A	£1,940,000	£3,470,000	£2,420,000
Revenue from station zone top up pa (£15 per sq m)	N/A	£2,910,000	£5,200,000	£3,630,000
Revenue from station zone top up total (£10 per sq m)	N/A	£46,560,000	£83,280,000	£58,080,000
Revenue from station zone top up total (£15 per sq m)	N/A	£69,840,000	£124,800,000	£87,120,000
MCIL2 revenues + station zone top up pa (£10 per sq m)	£14,420,000	£16,360,000	£29,280,000	£20,450,000
MCIL2 revenues + station zone top up pa (£15 per sq m)	£14,420,000	£17,330,000	£31,010,000	£21,660,000

Use - area in sq m / number of net additional residential dwellings within 1km Crossrail2 station zones and revenues per annum/total	JLL baseline - no station zone top up	JLL baseline - including station zone top up at £10 per sq m	Scenario 1 - Development densities increased by 79% above JLL baseline to match ACECOM assumptions on delivery of net additional dwellings	Scenario 2 - Development densities increased by 25% above JLL baseline
TOTAL MCIL2 revenues + station zone top up (£10 per sq m)	£346,080,000	£392,640,000	£702,720,000	£490,800,000
TOTAL MCIL2 revenues + station zone top up (£15 per sq m)	£346,080,000	£415,920,000	£744,240,000	£519,840,000

1.7.2 Impact on economic viability

In order to assess the impact of proposed MCIL2 rates and an additional station zone top up at either £10 or £15 per sq m on economic viability, we have employed the same methodology adopted in preparing the MCIL and MCIL2 viability evidence, that is to measure the potential charge on a typical dwelling at 88.33 sq m in area, as a percentage of average house prices, with a levy in the order of 1.00% to 1.30% considered to have minimal impact on viability characteristics.

Average house prices have been mapped to each proposed Crossrail2 1km station zone using Land Registry data and geographic information system technology. See Section 3.3 for more detail on house prices.

Given that MCIL and MCIL2 proposals use average house prices to set rates based on viability across a borough wide geography, we have assessed average house prices across all 1km zones that fall within any given borough, against which to assess viability.

Our average house price analysis on a **borough wide basis** shows:

- **The proposed MCIL2 levy** – chargeable at £80, £60 or £25 per sq m depending on borough, ranges between 0.29% in Kensington and Chelsea to 1.07% in Haringey. The charge exceeds 1.49% in Waltham Forest, Enfield and Hounslow.
- **The proposed MCIL2 levy and an additional £10 per sq m Crossrail2 station zone top up** - ranges between 0.33% in Kensington and Chelsea to 1.25% of average house prices in Haringey but exceeds 1.73% in Waltham Forest, Enfield and Hounslow.
- **The proposed MCIL2 levy and an additional £15 per sq m Crossrail2 station zone top up** - ranges between 0.35% in Kensington and Chelsea to 1.19% of average house prices in Richmond Upon Thames, but reaches 1.33% in Barnet and 1.34% in Haringey and exceeds 1.86% in Waltham Forest and Enfield and exceeds 2.00% in Hounslow.

Taking an average view across boroughs our analysis suggests that the proposed MCIL2 levy in isolation is unlikely to cause any significant viability issues, notwithstanding the charge exceeds 1.49% of average prices in Waltham Forest, Enfield and Hounslow. MCIL2 rates are based on borough wide viability characteristics so it is not unexpected to see the levy exceed this in locations that have poorer transport connectivity (i.e. Enfield, for example).

The imposition of a £10 or £15 per sq m station zone top up within 1km zones across boroughs, in addition to the proposed MCIL2 levy, could cause viability concerns in Waltham Forest, Enfield and Hounslow in particular. These boroughs showed less favourable viability characteristics without the station zone top up. However, on a closer analysis, Waltham Forest and Hounslow are on the periphery of 1km station zones from neighbouring

boroughs and overall would be unlikely to pose a significant viability concern, given the limited scope of station zones within their boroughs.

We have also looked at a **station by station** approach to viability, which shows:

- **The proposed MCIL2 levy** – chargeable at £80, £60 or £25 per sq m depending on borough, exceeds 1.30% at certain station zones within Kingston Upon Thames and Haringey and exceeds 1.50% at stations in Enfield;
- **The proposed MCIL2 levy and an additional £10 per sq m Crossrail2 station zone top up** – exceeds 1.33% and up to 1.90% of average prices within certain stations zones in Kingston Upon Thames, Haringey, and Enfield;
- **The proposed MCIL2 levy and an additional £15 per sq m Crossrail2 station zone top up** – exceeds 1.30% and up to 2.04% of average prices within certain station zones in Merton, Richmond Upon Thames, Haringey, Kingston Upon Thames and Enfield.

On a station by station analysis, certain station zones within the typically high value boroughs of Richmond Upon Thames and Kingston Upon Thames show some viability concern, given value characteristics in the locations in question, i.e. Hampton Wick in Richmond Upon Thames and Chessington South, Chessington North and Tolworth in Kingston Upon Thames, which are generally seen as less desirable/lower value locations within these boroughs.

Stations within boroughs that already show the proposed MCIL2 rate as exceeding 1.30% of average prices on a borough wide basis show further viability challenges on a station by station analysis. Certain stations in Haringey and Enfield for example show combined MCIL2 and a £15 per sq m Crossrail2 station zone top up exceeding 2.00% of average prices at Enfield Lock, for example.

A full station by station and borough by borough analysis can be found in Tables 7 to 10 in Section 4 of this report.

1.8 Conclusions

- The simplicity of borough wide MCIL rates is hindered by inclusion of zones within boroughs. There is a risk that other locations within a borough could be identified for special treatment with objectors asking for lower rates.
- Some boroughs/station zones have viability problems (based on current cost and values) so that no case for uniform station uplifts can be made that is likely to survive scrutiny by the Examiner. A differential rate for proposed Crossrail2 station zones would bring added complexity.
- Our assessment of the baseline based on MCIL receipts data suggests that a lot more development is occurring already in the station zones than was anticipated in the GVA/AECOM report. Accordingly the incremental benefits of Crossrail2 may have been over estimated.
- Some of the areas with the greatest development potential (for example, Enfield) are ones where the ability to argue for an increase in the MCIL rate in the station zones is weakest.
- Our analysis assumes long term demand for homes in London (with or without Crossrail2) and supply-side constraints characterised by lack of land supply and densities constrained by the planning regime and land law. Improving densities of permitted development (assuming a change to the Planning Policy), in station zones will only have a partial effect because:
 - PTAL improvements with concomitant density improvement will only have a partial impact because not all stations have PTAL improvements.

- The maximum possible permitted development is not the same as actual development which may be constrained by other planning policies such as the setting of listed buildings or daylight/sunlight policies or by legal rights such as rights to light owed to neighbouring properties.
- We have assumed a 25% increase in development volumes over baseline. This is made up by increased densities in station zones with increased PTAL ratings and increased trajectory due to the focus on Crossrail2 stations and improvements in frequency of service, journey times and rolling stock.
- Our projected levels of development are lower than AECOM/GVA's previous estimates for the period 2017 – 2040/41, but more importantly our baseline position is higher so the additionality of MCIL receipts due to Crossrail 2 reduces.
- On balance, we view the complexity and possible unintended consequences of considering viability at geographies smaller than borough boundaries to outweigh the benefit of designing and justifying a differential rate station zones approach. Also, given the general level of hostility from Boroughs to MCIL2 it is important to keep those Boroughs likely to benefit from Crossrail2 supportive. A station zone approach is likely to have the opposite effect.
- The viability work needed to underpin station zones would significantly extend the time before a draft charging schedule could be published.

2 Introduction and scope

2.1 Introduction and background

Transport for London (TfL) and the Greater London Authority (GLA) have proposed a preliminary draft charging schedule (PDCS) for Mayoral Community Infrastructure Levy 2 (MCIL2), a refreshed set of Mayoral CIL rates and charging bands proposed for post April 2019. JLL has supported this process, acting as viability consultants.

In conjunction with the current Mayoral CIL regime is the Crossrail S106 policy. The Crossrail S106 policy was originally introduced in 2009 in order to assist with funding Crossrail 1 and refreshed in April 2013 to incorporate details of the Mayoral CIL. Geographically, the S106 covers a modified version of the Central Activities Zone (excluding areas of Lambeth and Wandsworth based on viability at the time of introduction), an area of the Isle of Dogs largely covering Canary Wharf and 1km zones around Crossrail 1 stations within the CAZ, Isle of Dogs and outer London stations along the Crossrail 1 route.

The current Crossrail S106 system is due to end in April 2019 and the current proposal is to roll the rates in with the refreshed MCIL2 levy for simplicity.

The approach taken by TfL/GLA and supported by JLL, is to set differential MCIL2 rates within the CAZ and Isle of Dogs but not 1km zones around possible Crossrail2 stations outside of the CAZ/Isle of Dogs based on the following grounds:

- It would increase the complexity of the MCIL2 charging schedule.
- Crossrail2 is still being worked up and therefore station locations cannot be predicted with certainty; and
- The Mayor is exploring proposal for land value capture which could contain other mechanisms for capturing value outside of the CIL regime.³

However, as part of the preparation for the PDCS consultation and future Examination in Public, TfL have instructed JLL to undertake analysis of the viability and financial impact of introducing a 'top up' payment in 1km zones around proposed Crossrail2 stations.

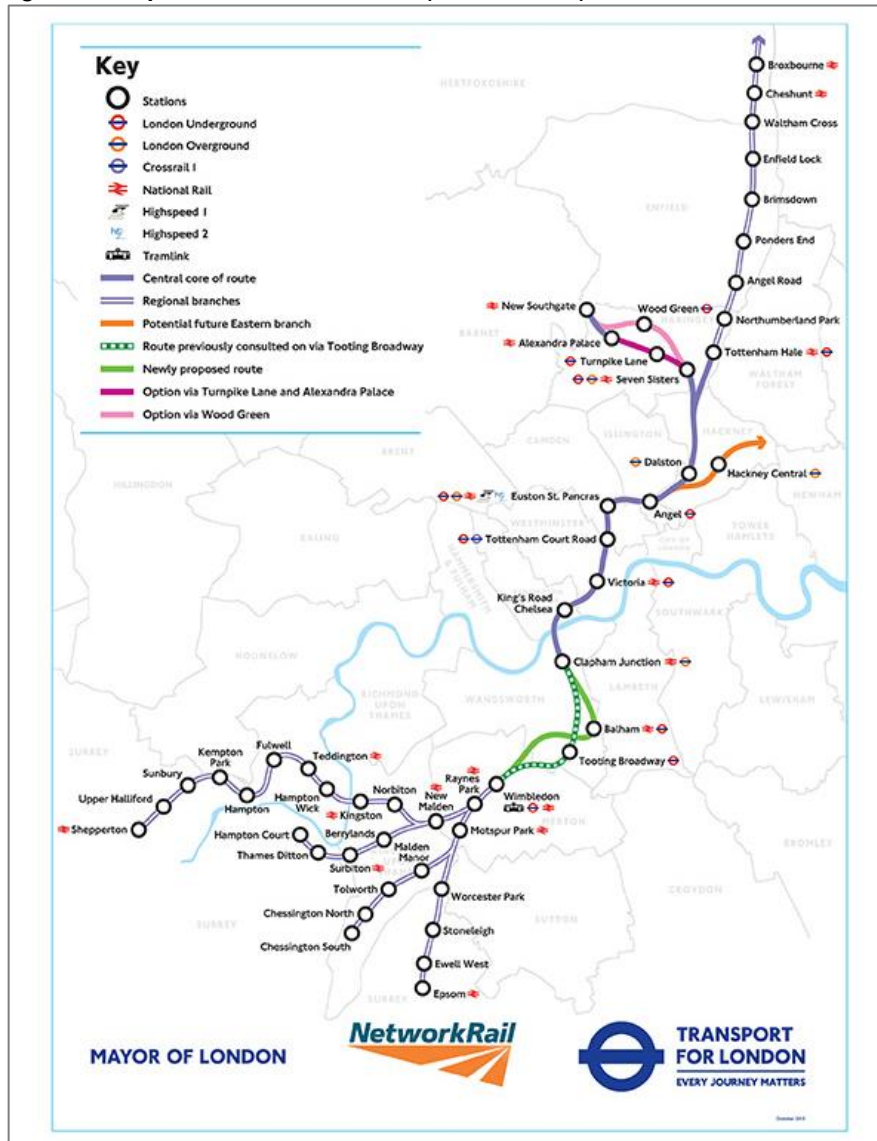
2.2 Crossrail2

Crossrail2 is a proposal for a new railway route that links central London to Hertfordshire in the north and Surrey to the south. The proposals include a tunnelled section through central London and over ground tracks for the outer sections of the line. The aim of the project is to alleviate a congested current railway network by adding extra capacity and to improve links between national rail services, the London Underground, Overground networks and Crossrail 1.

The proposed route is illustrated below.

³ See: 'Memorandum of Understanding on further devolution to London,' Department of Communities and Local Government, HM Treasury, The Rt Hon Philip Hammond MP and Gavin Barwell MP (8 March 2017) as part of the Spring Budget 2017. Retrieved from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/597291/London-Devolution-MoU.pdf last accessed 22/03/2017

Figure 1: Proposed Crossrail2 Route (autumn 2015)



Source: <http://crossrail2.co.uk/route/route-map/> last accessed 14/07/2017

2.3 Methodology

You have asked us to consider whether or not a charge of £10 or £15 per sq m, in addition to the proposed MCIL2 rates, could be supported within 1km radii of proposed Crossrail2 stations. The desire to explore this possibility has been driven by the existing Crossrail S106 regime, which applied a higher rate than the current MCIL to 1km station zones along the route.

In order to do this we:

- Identify Crossrail2 station host boroughs and estimated the amount of potential development within each 1km station zone based on MCIL receipts to date;
- Take into account overlaps in 1km zones to ensure no double counting;
- Identify possible £10 and £15 per sq m increases in MCIL2 around station zones to assess viability:
 - a) Consider the amount of MCIL, including a station zone top-up, as a percentage of average house prices within each 1km zone;

- b) Consider the relationship between MCIL, including a station zone top-up, as a percentage of the host Borough CIL 'buffer' (where possible depending on the level of detail in each Borough CIL report) taking into account average house price increase and cost growth since the Borough CIL viability evidence was prepared;
- Consider a JLL baseline using MCIL data collected from MCIL receipts and compare this to the baseline used for the GVA/AECOM work.⁴
 - Adjust the assumptions in the JLL baseline to establish the extent that the current MCIL run rate for the boroughs in question would need to increase to get the GVA/AECOM predictions of development as a result of Crossrail2.
 - Calculate potential MCIL2 revenues and additional receipts assuming a £10 or £15 per sq m surcharge in addition to the MCIL2 core rates for the JLL baseline and GVA/AECOM forecast scenarios.

Your instruction asked us to consider if there is a difference between value impact on areas that are already served by a station to be upgraded by Crossrail2 compared to an area with limited existing public transport connections. However, since all of the proposed Crossrail2 stations that fall within the Greater London boundary are already served by an existing train/underground service to be upgraded, this question proved to be theoretical and we have not addressed it further in this analysis.

2.4 Work previously undertaken

GVA and AECOM have identified a number of development scenarios along the proposed Crossrail2 route. We have undertaken our analysis based on the *Current Practice* and *New Policy Central Case* scenarios detailed on worksheets D3 *Homes & Dev Jobs by Station* and D4 *Homes by Phase and Station* of the Excel model titled *11130 CR2 WP4 Development Potential Model_Phase One*.

⁴ See: GVA report titled *Crossrail2 Work Package 4, Development Assessment and Socio-Economic Impact, Property Market Assessment and Impact*, June 2015 and conjunction with GVA, AECOM produced an Excel based model titled '*11130 CR2 WP4 Development Potential Model_Phase One*'

3 Crossrail2 Station Zones

3.1 Study area

Our analysis focusses on the proposed Crossrail2 stations zones within greater London, within the scope of Mayoral CIL. The proposed station zones would form 1km radii around each station.

For our analysis we will include the following 38 proposed Crossrail2 stations within London and show the associated host borough and proposed borough MCIL2 rate (highlighted in red for proposed £80 per sq m and blue for proposed £60 per sq m boroughs) in Table 2 for reference:

Table 2: Proposed Crossrail2 stations, host boroughs and proposed MCIL rate for analysis

Borough	Proposed Crossrail2 Station	Proposed MCIL2 rate per sq m
Camden	Euston St. Pancras	£80
City of Westminster	Tottenham Court Road	£80
City of Westminster	Victoria	£80
Enfield	Angel Road	£60
Enfield	Brimsdown	£60
Enfield	Enfield Lock	£60
Enfield	New Southgate	£60
Enfield	Ponders End	£60
Hackney	Dalston Junction	£60
Haringey	Alexandra Palace	£60
Haringey	Northumberland Park	£60
Haringey	Seven Sisters	£60
Haringey	Tottenham Hale	£60
Haringey	Turnpike Lane	£60
Haringey	Wood Green	£60
Islington	Angel	£80
Kensington and Chelsea	King's Road Chelsea	£80
Kingston Upon Thames	Berrylands	£60
Kingston Upon Thames	Chessington North	£60
Kingston Upon Thames	Chessington South	£60
Kingston Upon Thames	Kingston	£60
Kingston Upon Thames	Malden Manor	£60
Kingston Upon Thames	New Malden	£60
Kingston Upon Thames	Norbiton	£60
Kingston Upon Thames	Surbiton	£60
Kingston Upon Thames	Tolworth	£60
Kingston Upon Thames	Worcester Park	£60
Merton	Motspur Park	£60
Merton	Raynes Park	£60
Merton	Wimbledon	£60
Richmond Upon Thames	Fulwell	£80
Richmond Upon Thames	Hampton	£80
Richmond Upon Thames	Hampton Wick	£80
Richmond Upon Thames	Strawberry Hill	£80
Richmond Upon Thames	Teddington	£80
Richmond Upon Thames	Twickenham	£80
Wandsworth	Balham	£80
Wandsworth	Clapham Junction	£80

In addition to the above, the 1km radii around proposed stations extend into 5 boroughs that do not host a Crossrail2 station, but we have included in our analysis, i.e. Brent, Hounslow, Lambeth, Sutton and Waltham Forest.

3.2 Proposed Crossrail2 and Station Zone host boroughs

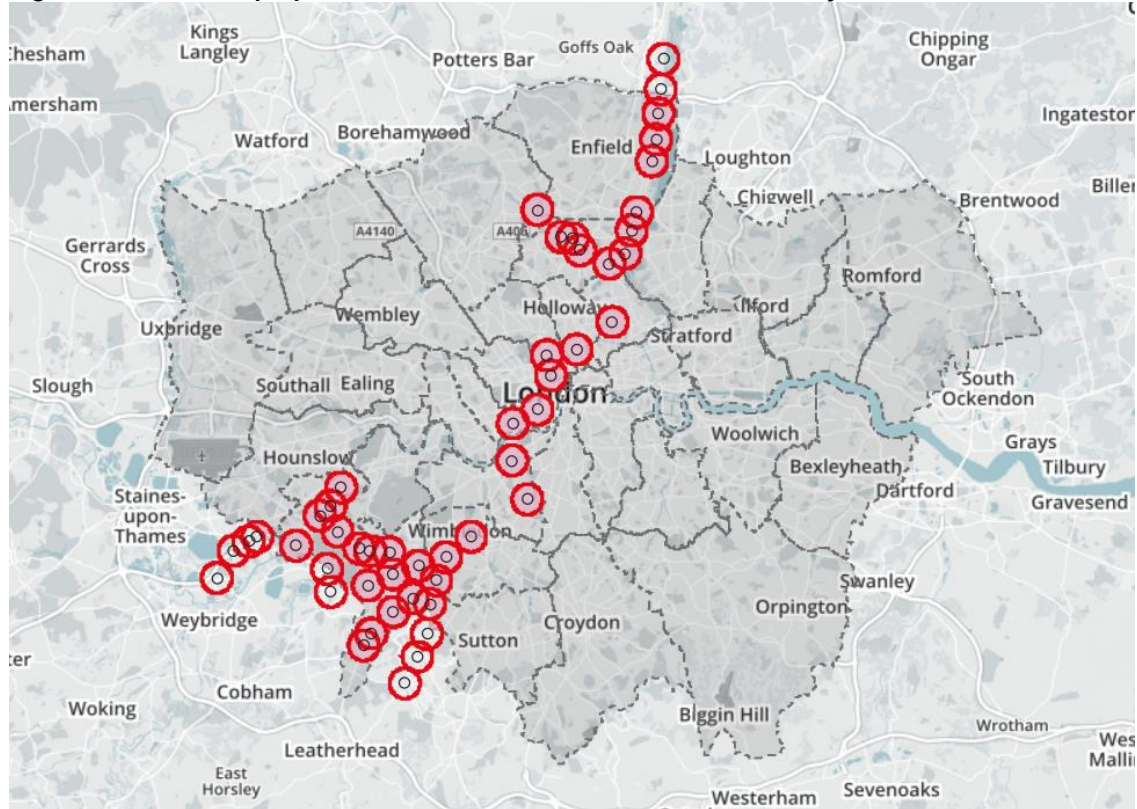
The 1km zones around the proposed Crossrail2 stations within London cover a total of 16 boroughs. We have undertaken analysis to using Geographical Information Systems (GIS) to calculate the land area covered by the 1km zones around the proposed Crossrail2 stations on a borough by borough basis:

Table 3: London boroughs falling within a 1km zone of a proposed Crossrail2 station and areas (Ha)

Borough	Total Area of Borough Area (Ha)	Area of Borough within 1km Crossrail2 station zones (Ha)	% of Borough land area within 1km Crossrail2 station zones	Area of Borough outside of 1km Crossrail2 station zones (Hectares)	% of area outside 1km Crossrail2 station zones
Barnet	8,682	188	2%	8,494	98%
Camden	2,181	403	18%	1,778	82%
Enfield	8,218	1,284	16%	6,934	84%
Hackney	1,903	310	16%	1,593	84%
Haringey	2,957	1,302	44%	1,655	56%
Hounslow	5,581	92	2%	5,489	98%
Islington	1,488	327	22%	1,161	78%
Kensington and Chelsea	1,204	257	21%	948	79%
Kingston Upon Thames	3,726	2,415	65%	1,311	35%
Lambeth	2,692	33	1%	2,659	99%
Merton	3,762	814	22%	2,949	78%
Richmond Upon Thames	5,769	1,631	28%	4,138	72%
Sutton	4,396	167	4%	4,228	96%
Waltham Forest	3,884	135	3%	3,749	97%
Wandsworth	3,424	611	18%	2,813	82%
City of Westminster	2,147	486	23%	1,661	77%
Totals	62,013	10,454	17%	51,558	83%

Source: Areas calculated using geographical boundaries - source: CACI 2016. Areas are approximate.

We present the information visually in Figure 4 below. The London borough boundaries are highlighted in a dashed grey line and shaded grey. Proposed Crossrail2 stations are indicated by black circles in the centre of larger red circles which indicate the 1km zone around each station. Areas for analysis within station zones are shaded pink but excluding station zones that fall outside of the London borough boundaries to the north and south. In undertaking our analysis we have ensured there is no double-counting of areas due to over-lapping of 1km station zones.

Figure 2: Location of proposed Crossrail2 stations and areas covered by 1km Crossrail2 station zones

Source: Data © OpenStreetMap contributors. Design © MapBox & JLL

3.3 Average house prices in Crossrail2 host boroughs and Station Zones

We have undertaken analysis of house prices across the proposed Crossrail2 host boroughs and within the proposed 1km Station Zones.

Table 4: Average house prices within Crossrail2 host boroughs and average values within proposed Crossrail2 1km Station Zones

Borough	Average House Price Year End March 2017 (Land Registry) By Borough	Average House Price Year End March 2017 within CR2 Station Zones (Land Registry)	Average House Price within CR2 Station Zones compared to whole borough
Kensington and Chelsea	£1,988,192	£2,269,354	+14.14%
City of Westminster	£1,617,497	£1,849,962	+14.37%
Camden	£1,050,185	£864,873	-17.65%
Wandsworth	£781,566	£741,976	-5.07%
Richmond upon Thames	£774,540	£665,125	-14.13%
Islington	£752,420	£870,705	+15.72%
Haringey	£610,543	£467,874	-23.37%
Hackney	£605,975	£634,943	+4.78%
Merton	£591,792	£778,996	+31.63%
Lambeth	£588,929	£791,008	+34.31%
Barnet	£583,738	£471,649	-19.20%
Kingston upon Thames	£549,670	£511,894	-6.87%
Hounslow	£479,342	£291,465	-39.19%
Enfield	£446,054	£323,390	-27.50%
Waltham Forest	£433,730	£336,250	-22.47%
Sutton	£391,118	£471,206	+20.48%

Source: Land Registry / JLL

Our analysis shows that in 7 of the 16 boroughs, average house prices in Station Zones are higher than in the rest of the borough. In 9 of the host boroughs, average house prices are lower within areas that fall within 1km Station Zones than elsewhere in the borough.

We consider the impact of the average house prices within the 1km Station Zones in connection with economic viability in Section 4.

DRAFT

4 Assessment of impact on economic viability

4.1 Testing the impact of the proposed MCIL2 rates and Crossrail2 station zone 'top-ups'

In assessing viability ahead of the introduction of MCIL in 2012 the Examiner Mr Holland accepted that undertaking viability analysis across the entire geography of Greater London presented a unique set of challenges as did the circumstances where MCIL1 would be levied in tandem with Borough CIL.

He considered the basis of undertaking a viability study using residential house prices as a proxy for viability and he accepted the logic that starting with residential, given the quantum of residential development as a proportion of development as a whole, was appropriate. He said "the approach adopted by the Mayor is logical and reasonable".

Concluding on viability matters the Examiner Mr Holland said *"None of the representations were able to convincingly counter the argument advanced by the Mayor that the general impact of this charge would be very modest - in the order of 1% of the value of completed residential units. One percent is within the margin of error for most valuations and cannot be said to generally represent an intolerable burden. On the contrary the evidence presented to the examination strongly points to the MCIL [1] usually being a relatively unimportant factor in relation to viability. Obviously some marginal schemes might be at risk but that is not the test for the acceptability of the level of the charge".⁵*

4.2 MCIL2 and Station Zone top ups as a percentage of average house prices within 1km CR2 Station Zones

In preparing the MCIL2 Preliminary Draft Charging Schedule the Mayor, advised by JLL, took a similar approach, by proposing MCIL2 rates that are around 1% of average house prices in any given borough on the basis that this will not impact on delivery of the Plan or on viability characteristics generally.

In assessing viability characteristics within proposed Crossrail2 station zones specifically, we have looked at the percentage of MCIL2 payable on a typical dwelling of 88.33 sq m of average house prices within 1km radii of proposed Crossrail2 stations within each borough and assume MCIL2 is payable on 100% of net increase in gross floor area, representing a worst case scenario.

From our experience following the implementation of MCIL1 and in preparing the viability evidence for the MCIL2 PDCS we adopt the following ranges in considering the results of our analysis:

Table 5: MCIL2/CR2 station zone top up as a percentage of average house prices and impact on viability

MCIL2/MCIL2 + CR2 station zone top up as a percentage of average house price	Impact on viability	Colour
Up to 1.00%	A levy of up to 1.00% of average house prices could be considered as within the 'margin of error' of valuation and should have no discernable impact on viability.	
1.01% to 1.29%	A levy within this range could be considered to have minimal impact on viability.	
1.30 to 1.49%	A levy within this range could be considered to have marginal impact on viability.	

⁵ See: 'Report on the Examination of the Draft Mayoral Community Infrastructure Levy Charging Schedule,' by Keith Holland BA (Hons) DipTP MRTPI ARICS, 27/01/2012

MCIL2/MCIL2 + CR2 station zone top up as a percentage of average house price	Impact on viability	Colour
>1.50%	A levy within this range could be considered to have a possible impact on viability.	

In Table 6, below, we consider the impact of the proposed MCIL2 rate, excluding any proposed additional Crossrail2 station zone top up as a percentage of average house prices within 1km Crossrail2 station zones within each borough. Please note that the 1km zones also cover boroughs that do not host Crossrail2 stations but are included in our analysis when considering viability impacts.

Table 6: Proposals for MCIL2 as a percentage of average house prices within 1km radii of Crossrail2 stations by band at 100% net increase in GIA.

Borough	Average House Price Year End March 2017 within CR2 Station Zones (Land Registry)	Land Registry Transactions sample size	Proposed MCIL 2 rate Per Sq M	Average Dwelling Size Sq M	Proposed MCIL2 payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 as a percentage of Average Price
Kensington and Chelsea	£2,269,354	452	£80	83.33	£6,667	0.29%
City of Westminster	£1,849,962	569	£80	83.33	£6,667	0.36%
Sutton	£471,206	150	£25	83.33	£2,083	0.44%
Lambeth	£791,008	50	£60	83.33	£5,000	0.63%
Merton	£778,996	653	£60	83.33	£5,000	0.64%
Islington	£870,705	638	£80	83.33	£6,667	0.77%
Camden	£864,873	271	£80	83.33	£6,667	0.77%
Hackney	£634,943	783	£60	83.33	£5,000	0.79%
Wandsworth	£741,976	1161	£80	83.33	£6,667	0.90%
Kingston upon Thames	£511,894	1510	£60	83.33	£5,000	0.98%
Richmond upon Thames	£665,125	1111	£80	83.33	£6,667	1.00%
Barnet	£471,649	146	£60	83.33	£5,000	1.06%
Haringey	£467,874	1104	£60	83.33	£5,000	1.07%
Waltham Forest	£336,250	4	£60	83.33	£5,000	1.49%
Enfield	£323,390	502	£60	83.33	£5,000	1.55%
Hounslow	£291,465	13	£60	83.33	£5,000	1.72%

This analysis shows on the whole that proposed MCIL2 rates within 1km Crossrail2 station zones do not significantly exceed 1% of average house prices with the exception of Hounslow (1.72%), Enfield (1.55%) and Waltham Forest (1.49%).

Tables 7 to 10 below show the proposed MCIL2 levy as a percentage of average house prices within Crossrail2 station zones by borough and individual station, including an additional £10 or £15 per sq m charge as a station zone top up.

Table 7: Percentage of MCIL2 and MCIL2 + £10 per sq m additional Crossrail2 station zone levy of average house prices per Crossrail2 1km zone by borough

Borough	Average House Price within 1km station zone to March 2017	Number of transactions (sample size)	Proposed MCIL2 rate per Sq M	Proposed MCIL2 rate per Sq M - CR2 station host borough	Proposed MCIL2 payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 as a percentage of Average Price	Additional Levy around CR2 Station Zones per Sq M	Proposed additional Station Zone top up payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed Additional MCIL2 + Zone top up payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 + Zone top up as percentage of Average Price
Kensington and Chelsea	£2,269,354	452	£80	83.33	£6,667	0.29%	£10	£833	£7,500	0.33%
City of Westminster	£1,849,962	569	£80	83.33	£6,667	0.36%	£10	£833	£7,500	0.41%
Sutton	£471,206	150	£25	83.33	£2,083	0.44%	£10	£833	£2,917	0.62%
Lambeth	£791,008	50	£60	83.33	£5,000	0.63%	£10	£833	£5,833	0.74%
Merton	£778,996	653	£60	83.33	£5,000	0.64%	£10	£833	£5,833	0.75%
Islington	£870,705	638	£80	83.33	£6,667	0.77%	£10	£833	£7,500	0.86%
Camden	£864,873	271	£80	83.33	£6,667	0.77%	£10	£833	£7,500	0.87%
Hackney	£634,943	783	£60	83.33	£5,000	0.79%	£10	£833	£5,833	0.92%
Wandsworth	£741,976	1161	£80	83.33	£6,667	0.90%	£10	£833	£7,500	1.01%
Kingston upon Thames	£511,894	1510	£60	83.33	£5,000	0.98%	£10	£833	£5,833	1.14%
Richmond upon Thames	£665,125	1111	£80	83.33	£6,667	1.00%	£10	£833	£7,500	1.13%
Barnet	£471,649	146	£60	83.33	£5,000	1.06%	£10	£833	£5,833	1.24%
Haringey	£467,874	1104	£60	83.33	£5,000	1.07%	£10	£833	£5,833	1.25%
Waltham Forest	£336,250	4	£60	83.33	£5,000	1.49%	£10	£833	£5,833	1.73%
Enfield	£323,390	502	£60	83.33	£5,000	1.55%	£10	£833	£5,833	1.80%
Hounslow	£291,465	13	£60	83.33	£5,000	1.72%	£10	£833	£5,833	2.00%

At a borough level, a £10 per sq m the additional Crossrail2 station zone top up does not materially change the viability characteristics overall, however boroughs where there may be a possible viability concern at increasing rates above the proposed MCIL2 borough rate are Waltham Forest, Enfield and Hounslow.

Table 8: Percentage of MCIL2 and MCIL2 + £10 per sq m additional Crossrail2 station zone levy of average house prices per Crossrail2 1km zone by station

Station	Borough	Average House Price within 1km station zone to March 2017	Number of transactions (sample size)	Proposed MCIL2 rate per Sq M	Proposed MCIL2 rate per Sq M - CR2 station host borough	Proposed MCIL2 payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 and percentage of Average Price	Additional Levy around CR2 Station Zones per Sq M	Proposed additional Station Zone top up payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed Additional MCIL2 + Zone top up payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 + Zone top up as percentage of Average Price
King's Road Chelsea	Kensington and Chelsea	£2,270,060	455	83.33	£80	£6,667	0.29%	£10	£833	£7,500	0.33%
Victoria	City of Westminster	£1,829,101	394	83.33	£80	£6,667	0.36%	£10	£833	£7,500	0.41%
Tottenham Court Road	City of Westminster	£1,577,286	274	83.33	£80	£6,667	0.42%	£10	£833	£7,500	0.48%
Wimbledon	Merton	£1,035,304	283	83.33	£60	£5,000	0.48%	£10	£833	£5,833	0.56%
Raynes Park	Merton	£673,458	233	83.33	£60	£5,000	0.74%	£10	£833	£5,833	0.87%
Euston St. Pancras	Camden	£876,739	238	83.33	£80	£6,667	0.76%	£10	£833	£7,500	0.86%
Angel	Islington	£862,359	773	83.33	£80	£6,667	0.77%	£10	£833	£7,500	0.87%
Dalston Junction	Hackney	£597,866	632	83.33	£60	£5,000	0.84%	£10	£833	£5,833	0.98%
Balham	Wandsworth	£780,026	584	83.33	£80	£6,667	0.85%	£10	£833	£7,500	0.96%
Kingston	Kingston Upon Thames	£568,052	326	83.33	£60	£5,000	0.88%	£10	£833	£5,833	1.03%
Alexandra Palace	Haringey	£567,978	218	83.33	£60	£5,000	0.88%	£10	£833	£5,833	1.03%
New Malden	Kingston Upon Thames	£567,879	186	83.33	£60	£5,000	0.88%	£10	£833	£5,833	1.03%
Norbiton	Kingston Upon Thames	£557,007	274	83.33	£60	£5,000	0.90%	£10	£833	£5,833	1.05%
Teddington	Richmond Upon Thames	£726,754	244	83.33	£80	£6,667	0.92%	£10	£833	£7,500	1.03%
Berrylands	Kingston Upon Thames	£544,312	131	83.33	£60	£5,000	0.92%	£10	£833	£5,833	1.07%
Clapham Junction	Wandsworth	£709,514	624	83.33	£80	£6,667	0.94%	£10	£833	£7,500	1.06%
Malden Manor	Kingston Upon Thames	£513,580	101	83.33	£60	£5,000	0.97%	£10	£833	£5,833	1.14%
Turnpike Lane	Haringey	£506,931	339	83.33	£60	£5,000	0.99%	£10	£833	£5,833	1.15%
Surbiton	Kingston Upon Thames	£499,821	341	83.33	£60	£5,000	1.00%	£10	£833	£5,833	1.17%
Worcester Park	Kingston Upon Thames	£494,798	195	83.33	£60	£5,000	1.01%	£10	£833	£5,833	1.18%
Hampton	Richmond Upon Thames	£656,254	136	83.33	£80	£6,667	1.02%	£10	£833	£7,500	1.14%
Twickenham	Richmond Upon Thames	£640,625	361	83.33	£80	£6,667	1.04%	£10	£833	£7,500	1.17%
Strawberry Hill	Richmond Upon Thames	£639,710	267	83.33	£80	£6,667	1.04%	£10	£833	£7,500	1.17%
Motspur Park	Merton	£478,139	197	83.33	£60	£5,000	1.05%	£10	£833	£5,833	1.22%
Fulwell	Richmond Upon Thames	£626,352	229	83.33	£80	£6,667	1.06%	£10	£833	£7,500	1.20%
New Southgate	Enfield	£466,962	178	83.33	£60	£5,000	1.07%	£10	£833	£5,833	1.25%
Wood Green	Haringey	£463,664	262	83.33	£60	£5,000	1.08%	£10	£833	£5,833	1.26%
Seven Sisters	Haringey	£454,392	274	83.33	£60	£5,000	1.10%	£10	£833	£5,833	1.28%

Station	Borough	Average House Price within 1km station zone to March 2017	Number of transactions (sample size)	Proposed MCIL2 rate per Sq M	Proposed MCIL2 rate per Sq M - CR2 station host borough	Proposed MCIL2 payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 and percentage of Average Price	Additional Levy around CR2 Station Zones per Sq M	Proposed additional Station Zone top up payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed Additional MCIL2 + Zone top up payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 + Zone top up as percentage of Average Price
Hampton Wick	Richmond Upon Thames	£602,110	211	83.33	£80	£6,667	1.11%	£10	£833	£7,500	1.25%
Tolworth	Kingston Upon Thames	£437,812	99	83.33	£60	£5,000	1.14%	£10	£833	£5,833	1.33%
Chessington South	Kingston Upon Thames	£385,467	98	83.33	£60	£5,000	1.30%	£10	£833	£5,833	1.51%
Chessington North	Kingston Upon Thames	£383,351	241	83.33	£60	£5,000	1.30%	£10	£833	£5,833	1.52%
Tottenham Hale	Haringey	£367,857	265	83.33	£60	£5,000	1.36%	£10	£833	£5,833	1.59%
Northumberland Park	Haringey	£362,652	123	83.33	£60	£5,000	1.38%	£10	£833	£5,833	1.61%
Ponders End	Enfield	£330,332	95	83.33	£60	£5,000	1.51%	£10	£833	£5,833	1.77%
Brimsdown	Enfield	£328,919	92	83.33	£60	£5,000	1.52%	£10	£833	£5,833	1.77%
Angel Road	Enfield	£317,094	93	83.33	£60	£5,000	1.58%	£10	£833	£5,833	1.84%
Enfield Lock	Enfield	£306,495	214	83.33	£60	£5,000	1.63%	£10	£833	£5,833	1.90%

On a station by station basis, the proposed MCIL2 rate within individual station zones within Kingston Upon Thames, Haringey and Enfield range between 1.30% and 1.63% of average prices. In these instances an additional £10 per sq m station top up levy could cause viability issues on schemes with marginal viability characteristics.

Table 9: Percentage of MCIL2 and MCIL2 + £15 per sq m additional Crossrail2 station zone levy of average house prices per Crossrail2 1km zone by borough

Borough	Average House Price within 1km station zone to March 2017	Number of transactions (sample size)	Proposed MCIL2 rate per Sq M	Proposed MCIL2 rate per Sq M - CR2 station host borough	Proposed MCIL2 payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 and percentage of Average Price	Additional Levy around CR2 Station Zones peer Sq M	Proposed Additional MCIL2 payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed Additional MCIL2 + Zone Top Up payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 + Zone Top Up as percentage of Average Price
Kensington and Chelsea	£2,269,354	452	£80	83.33	£6,667	0.29%	£15	£1,250	£7,917	0.35%
City of Westminster	£1,849,962	569	£80	83.33	£6,667	0.36%	£15	£1,250	£7,917	0.43%
Sutton	£471,206	150	£25	83.33	£2,083	0.44%	£15	£1,250	£3,333	0.71%
Lambeth	£791,008	50	£60	83.33	£5,000	0.63%	£15	£1,250	£6,250	0.79%
Merton	£778,996	653	£60	83.33	£5,000	0.64%	£15	£1,250	£6,250	0.80%
Islington	£870,705	638	£80	83.33	£6,667	0.77%	£15	£1,250	£7,917	0.91%
Camden	£864,873	271	£80	83.33	£6,667	0.77%	£15	£1,250	£7,917	0.92%
Hackney	£634,943	783	£60	83.33	£5,000	0.79%	£15	£1,250	£6,250	0.98%
Wandsworth	£741,976	1161	£80	83.33	£6,667	0.90%	£15	£1,250	£7,917	1.07%
Kingston upon Thames	£511,894	1510	£60	83.33	£5,000	0.98%	£15	£1,250	£6,250	1.22%
Richmond upon Thames	£665,125	1111	£80	83.33	£6,667	1.00%	£15	£1,250	£7,917	1.19%
Barnet	£471,649	146	£60	83.33	£5,000	1.06%	£15	£1,250	£6,250	1.33%
Haringey	£467,874	1104	£60	83.33	£5,000	1.07%	£15	£1,250	£6,250	1.34%
Waltham Forest	£336,250	4	£60	83.33	£5,000	1.49%	£15	£1,250	£6,250	1.86%
Enfield	£323,390	502	£60	83.33	£5,000	1.55%	£15	£1,250	£6,250	1.93%
Hounslow	£291,465	13	£60	83.33	£5,000	1.72%	£15	£1,250	£6,250	2.14%

At a borough level a £15 per sq m the additional Crossrail2 station zone top up increases the number of boroughs where the total levy including MCIL2 exceeds 1.30% of average prices which could affect schemes in these locations with marginal viability, being Barnet, Haringey, Waltham Forest, Enfield and Hounslow.

Table 10: Percentage of MCIL2 and MCIL2 + £15 per sq m additional Crossrail2 station zone levy of average house prices per Crossrail2 1km zone by station

Station	Borough	Average House Price within 1km station zone to March 2017	Number of transactions (sample size)	Proposed MCIL2 rate per Sq M	Proposed MCIL2 rate per Sq M - CR2 station host borough	Proposed MCIL2 payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 and percentage of Average Price	Additional Levy around CR2 Station Zones peer Sq M	Proposed Additional MCIL2 payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed Additional MCIL2 + Zone Top Up payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 + Zone Top Up as percentage of Average Price
King's Road Chelsea	Kensington and Chelsea	£2,270,060	455	83.33	£80	£6,667	0.29%	£15	£1,250	£7,917	0.35%
Victoria	City of Westminster	£1,829,101	394	83.33	£80	£6,667	0.36%	£15	£1,250	£7,917	0.43%
Tottenham Court Road	City of Westminster	£1,577,286	274	83.33	£80	£6,667	0.42%	£15	£1,250	£7,917	0.50%
Wimbledon	Merton	£1,035,304	283	83.33	£60	£5,000	0.48%	£15	£1,250	£6,250	0.60%
Raynes Park	Merton	£673,458	233	83.33	£60	£5,000	0.74%	£15	£1,250	£6,250	0.93%
Euston St. Pancras	Camden	£876,739	238	83.33	£80	£6,667	0.76%	£15	£1,250	£7,917	0.90%
Angel	Islington	£862,359	773	83.33	£80	£6,667	0.77%	£15	£1,250	£7,917	0.92%
Dalston Junction	Hackney	£597,866	632	83.33	£60	£5,000	0.84%	£15	£1,250	£6,250	1.05%
Balham	Wandsworth	£780,026	584	83.33	£80	£6,667	0.85%	£15	£1,250	£7,917	1.01%
Kingston	Kingston Upon Thames	£568,052	326	83.33	£60	£5,000	0.88%	£15	£1,250	£6,250	1.10%
Alexandra Palace	Haringey	£567,978	218	83.33	£60	£5,000	0.88%	£15	£1,250	£6,250	1.10%
New Malden	Kingston Upon Thames	£567,879	186	83.33	£60	£5,000	0.88%	£15	£1,250	£6,250	1.10%
Norbiton	Kingston Upon Thames	£557,007	274	83.33	£60	£5,000	0.90%	£15	£1,250	£6,250	1.12%
Teddington	Richmond Upon Thames	£726,754	244	83.33	£80	£6,667	0.92%	£15	£1,250	£7,917	1.09%
Berrylands	Kingston Upon Thames	£544,312	131	83.33	£60	£5,000	0.92%	£15	£1,250	£6,250	1.15%
Clapham Junction	Wandsworth	£709,514	624	83.33	£80	£6,667	0.94%	£15	£1,250	£7,917	1.12%
Malden Manor	Kingston Upon Thames	£513,580	101	83.33	£60	£5,000	0.97%	£15	£1,250	£6,250	1.22%
Turnpike Lane	Haringey	£506,931	339	83.33	£60	£5,000	0.99%	£15	£1,250	£6,250	1.23%
Surbiton	Kingston Upon Thames	£499,821	341	83.33	£60	£5,000	1.00%	£15	£1,250	£6,250	1.25%
Worcester Park	Kingston Upon Thames	£494,798	195	83.33	£60	£5,000	1.01%	£15	£1,250	£6,250	1.26%
Hampton	Richmond Upon Thames	£656,254	136	83.33	£80	£6,667	1.02%	£15	£1,250	£7,917	1.21%
Twickenham	Richmond Upon Thames	£640,625	361	83.33	£80	£6,667	1.04%	£15	£1,250	£7,917	1.24%
Strawberry Hill	Richmond Upon Thames	£639,710	267	83.33	£80	£6,667	1.04%	£15	£1,250	£7,917	1.24%
Motspur Park	Merton	£478,139	197	83.33	£60	£5,000	1.05%	£15	£1,250	£6,250	1.31%
Fulwell	Richmond Upon Thames	£626,352	229	83.33	£80	£6,667	1.06%	£15	£1,250	£7,917	1.26%
New Southgate	Enfield	£466,962	178	83.33	£60	£5,000	1.07%	£15	£1,250	£6,250	1.34%
Wood Green	Haringey	£463,664	262	83.33	£60	£5,000	1.08%	£15	£1,250	£6,250	1.35%
Seven Sisters	Haringey	£454,392	274	83.33	£60	£5,000	1.10%	£15	£1,250	£6,250	1.38%

Station	Borough	Average House Price within 1km station zone to March 2017	Number of transactions (sample size)	Proposed MCIL2 rate per Sq M	Proposed MCIL2 rate per Sq M - CR2 station host borough	Proposed MCIL2 payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 and percentage of Average Price	Additional Levy around CR2 Station Zones per Sq M	Proposed Additional MCIL2 payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed Additional MCIL2 + Zone Top Up payable on a typical residential unit of 83.33 sq m GIA at 100% net increase in GIA	Proposed MCIL2 + Zone Top Up as percentage of Average Price
Hampton Wick	Richmond Upon Thames	£602,110	211	83.33	£80	£6,667	1.11%	£15	£1,250	£7,917	1.31%
Tolworth	Kingston Upon Thames	£437,812	99	83.33	£60	£5,000	1.14%	£15	£1,250	£6,250	1.43%
Chessington South	Kingston Upon Thames	£385,467	98	83.33	£60	£5,000	1.30%	£15	£1,250	£6,250	1.62%
Chessington North	Kingston Upon Thames	£383,351	241	83.33	£60	£5,000	1.30%	£15	£1,250	£6,250	1.63%
Tottenham Hale	Haringey	£367,857	265	83.33	£60	£5,000	1.36%	£15	£1,250	£6,250	1.70%
Northumberland Park	Haringey	£362,652	123	83.33	£60	£5,000	1.38%	£15	£1,250	£6,250	1.72%
Ponders End	Enfield	£330,332	95	83.33	£60	£5,000	1.51%	£15	£1,250	£6,250	1.89%
Brimsdown	Enfield	£328,919	92	83.33	£60	£5,000	1.52%	£15	£1,250	£6,250	1.90%
Angel Road	Enfield	£317,094	93	83.33	£60	£5,000	1.58%	£15	£1,250	£6,250	1.97%
Enfield Lock	Enfield	£306,495	214	83.33	£60	£5,000	1.63%	£15	£1,250	£6,250	2.04%

Where an additional £15 per sq m charge is levied over and above the proposed MCIL2 rate, the combined charge exceeds 1.30%, and up to 2.04% of average house prices, at certain stations within Merton, Richmond Upon Thames, Kingston Upon Thames, Enfield and Haringey. This may cause viability issues at schemes with marginal viability characteristics within specific station zones.

4.3 Crossrail2 station zone viability analysis

At a borough level a £10 per sq m Crossrail2 station zone top up in addition to the proposed MCIL2 rate is unlikely to cause any discernable viability concerns in 8 of the 16 boroughs, where the impact on viability could be considered within the margin of error at up to around 1% of average house prices. In 5 of the 16 boroughs, where the £10 per sq m Crossrail2 station zone top up in addition to the proposed MCIL2 rate falls between 1.01% and 1.25% of house prices, there may be a minimal impact on viability, however a combined MCIL and Station Zone top up within this range it is unlikely to make a previously viable scheme unviable.

In 3 of the 16 boroughs; Waltham Forest, Enfield and Hounslow, the proposed MCIL2 rate alone exceeds 1.49% of average prices with 1km station zones before any additional station zone top up is added. Since the proposed MCIL2 rates are based on average viability characteristics across entire boroughs, it not unexpected to see variances in viability characteristics within focussed geographical locations. Indeed, the small transaction sample sizes supporting the average house prices within the Crossrail2 station zones for Waltham Forest and Hounslow (4 and 13 respectively) means that analysis of viability based on the proposed MCIL2 and Station Zone top up as a percentage of average house price should be treated with some degree of caution. However, in Enfield where the average house price is based on a significant sample of 502 transactions, therefore further analysis may be required before considering an additional station zone top up, particularly if there is sufficient headroom after taking into account the level of borough CIL and any remaining viability 'buffer.' – see Section 4.5 below.

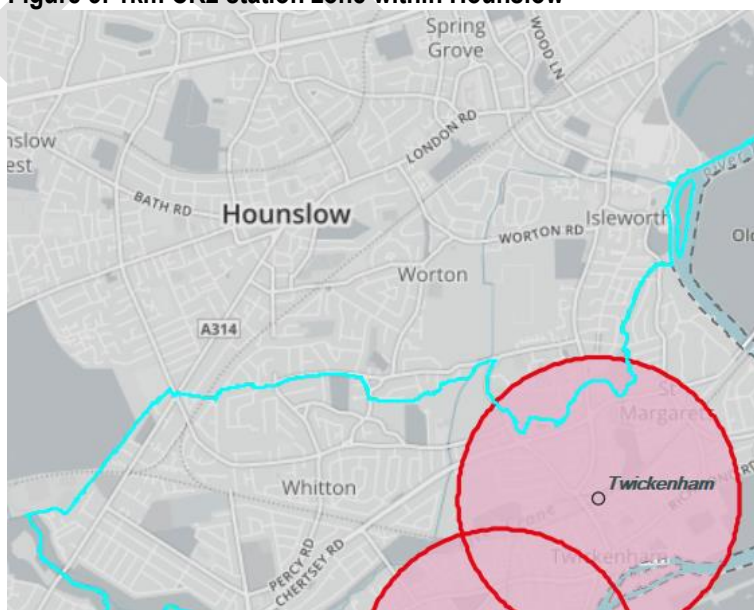
If a £15 per sq m station zone top up is levied in addition to the proposed MCIL2 rate, the combined charge exceeds 1.30% of average prices in Barnet in addition to Haringey, Waltham Forest, Enfield and Hounslow.

We consider viability characteristics in boroughs and at stations were either the proposed MCIL2 charge alone exceeds 1.30% of average house prices within each station zone or after the addition of the Crossrail2 station zone top up at either £10 or £15 per sq m below.

4.3.1 Hounslow

The proposed 1km Crossrail2 station zone in Hounslow is the edge of the 1km radii from Twickenham station which is in the borough of Richmond upon Thames. Within the area falling within Hounslow, there are only 13 transactions informing the average house price in this location over the last 12 months.

Figure 3: 1km CR2 station zone within Hounslow



Source: Data © OpenStreetMap contributors. Design © MapBox & JLL

However, the average house price according to Land Registry data within the 1km station zone around the proposed Twickenham station is £640,625, based on 361 transactions in the year to March 2017. Proposed MCIL2 payable on a typical dwelling at 88.33 sq m in this £60 per Sq M borough is £6,667 (with the exception of the relatively small area that falls within Hounslow), equating to 1.04% of the average house price rising to 1.17% if an additional £10 per sq m is charged as a Crossrail2 top-up or 1.24% if an additional £15 per sq m is charged. Therefore, we do not consider on average that MCIL2 or an additional levy at £10 or £15 per sq m would have a material impact on viability in this station zone as a whole.

4.3.2 Waltham Forest

Similarly, the 1km Crossrail2 station zones that fall within Waltham Forest are from stations within Enfield (Angel Road) and Haringey (Northumberland Park, Tottenham Hale and Seven Sisters) since there are no proposed Crossrail2 stations in Waltham Forest itself.

Figure 4: 1km CR2 station zone within Waltham Forest



Source: Data © OpenStreetMap contributors. Design © MapBox & JLL

The majority of the 1km Crossrail2 station zones that fall within Waltham Forest are within the Warwick, Maynard and Lockwood reservoirs. Due to the majority of the proposed station zones falling within reservoir areas there are only 4 transactions informing the average house price in the station zones that fall within Waltham Forest. Therefore we consider the impact of the proposed MCIL2 rate and any Station Zone top up is unlikely to be considered material in development viability terms.

4.3.3 Haringey

Haringey hosts six proposed Crossrail2 stations; Alexandra Palace, Turnpike Lane, Wood Green, Seven Sisters, Tottenham Hale and Northumberland Park. The proposed MCIL2 rate is £60 per sq m. Based on our average house price viability analysis the following stations are considered in more detail below:

- **Wood Green** - the average house price within the 1km station zone was £463,664 based on 262 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per sq m is £5,000 equating to 1.08% of the average house price and rising to 1.26% and 1.35% respectively if an additional £10 or £15 per sq m is charged. The MCIL2 charge in isolation

is unlikely to have any discernable impact on viability and an additional £10 or £15 per sq m Crossrail2 station zone charge is only likely to have minimal impact on viability.

- **Seven Sisters** – the average house price within the 1km station zone was £454,392 based on 274 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per sq m is £5,000 equating to 1.10% of the average house price and rising to 1.28% and 1.38% respectively if an additional £10 or £15 per sq m is charged. The MCIL2 charge in isolation is unlikely to have any discernable impact on viability and an additional £10 or £15 per sq m Crossrail2 station zone charge is only likely to have minimal impact on viability.
- **Tottenham Hale** - the average house price within the 1km station zone was £367,857 based on 265 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per sq m is £5,000 equating to 1.36% of the average house price and rising to 1.59% and 1.70% respectively if an additional £10 or £15 per sq m is charged. The MCIL2 charge in isolation may have marginal impact on viability, however, the additional £10 or £15 per sq m Crossrail2 station zone charge may have some impact on viability.
- **Northumberland Park** - the average house price within the 1km station zone was £362,652 based on 123 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 Sq M dwelling at £60 per sq m is £5,000 equating to 1.38% of the average house price and rising to 1.61% and 1.72% respectively if an additional £10 or £15 per sq m is charged. The MCIL2 charge in isolation may have marginal impact on viability, however, the additional £10 or £15 per sq m Crossrail2 station zone charge may have a viability impact.

4.3.4 Enfield (and Barnet for New Southgate Station only)

Enfield hosts five proposed Crossrail2 stations; New Southgate, Ponders End, Brimsdown, Angel Road and Enfield Lock. The proposed MCIL2 rate is £60 per sq m. Based on our average house price viability analysis we consider each station in more detail below:

- **New Southgate** – approximately half of the 1km station zone falls within Enfield, the host borough, with the remainder falling within Barnet. Average house prices within the whole of the 1km station zone was £466,962 based on 178 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per Sq M is £5,000 equating to 1.07% of the average house price and rising to 1.25% and 1.34% respectively if an additional £10 or £15 per sq m is charged. There is unlikely to be any material impact on viability from either a £10 or £15 per sq m additional charge in this location.
- **Ponders End** - average house prices within the 1km station zone was £330,332 based on 95 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per sq m is £5,000 equating to 1.51% of the average house price and rising to 1.77% and 1.89% respectively if an additional £10 or £15 per sq m is charged. This analysis suggests there may be an impact on viability on the basis of the introduction of the proposed MCIL2 rate alone, before any additional Crossrail2 station zone levy is added.
- **Brimsdown** - average house prices within the 1km station zone was £328,919 based on 92 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per sq m is £5,000 equating to 1.52% of the average house price and rising to 1.77% and 1.90% respectively if an additional £10 or £15 per sq m is charged. This analysis suggests there may be an impact viability on the basis of the introduction of the proposed MCIL2 rate alone, before any additional Crossrail2 station zone levy is added.

- **Angel Road** - average house prices within the 1km station zone was £317,094 based on 93 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per Sq M is £5,000 equating to 1.58% of the average house price and rising to 1.84% and 1.97% respectively if an additional £10 or £15 per sq m is charged. This analysis suggests there may be an impact viability on the basis of the introduction of the proposed MCIL2 rate alone, before any additional Crossrail2 station zone levy is added.
- **Enfield Lock** - average house prices within the 1km station zone was £306,495 based on 214 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per sq m is £5,000 equating to 1.63% of the average house price and rising to 1.90% and 2.04% respectively if an additional £10 or £15 per sq m is charged. This analysis suggests there may be an impact viability on the basis of the introduction of the proposed MCIL2 rate alone, before any additional Crossrail2 station zone levy is added.

4.3.5 Merton

Merton hosts three proposed Crossrail2 stations; Wimbledon, Raynes Park and Motspur Park. The proposed MCIL2 rate is £60 per sq m. Based on our average house price viability analysis the following station is considered in more detail:

- **Motspur Park** - average house prices within the 1km station zone was £478,139 based on 197 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per sq m is £5,000 equating to 1.05% of the average house price and rising to 1.22% and 1.31% respectively if an additional £10 or £15 per sq m is charged. This analysis suggests there is unlikely to be any material impact on viability from either a £10 or £15 per sq m additional charge in this location.

4.3.6 Kingston Upon Thames

Kingston Upon Thames hosts ten proposed Crossrail2 stations; Kingston, New Malden, Norbiton, Berrylands, Malden Manor, Surbiton, Worcester Park, Tolworth, Chessington South and Chessington North. The majority of stations show no discernable impact on viability based on the proposed MCIL2 rate of £60 per sq m or from an additional £10 or £15 per sq m station zone top up, with the exception of the following stations:

- **Tolworth** - average house prices within the 1km station zone was £437,812 based on 99 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per sq m is £5,000 equating to 1.14% of the average house price and rising to 1.33% and 1.43% respectively if an additional £10 or £15 per sq m is charged. This analysis suggests there is unlikely to be any material impact on viability from the proposed MCIL2 levy alone, however an additional £10 or £15 per sq m additional charge in this location could have some impact on viability.
- **Chessington South** - average house prices within the 1km station zone was £385,467 based on 98 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per sq m is £5,000 equating to 1.30% of the average house price and rising to 1.51% and 1.62% respectively if an additional £10 or £15 per sq m is charged. This analysis suggests there is could be a minimal impact on viability from the proposed MCIL2 levy alone, however an additional £10 or £15 per sq m additional charge could potentially negatively impact viability in this location.
- **Chessington North** - average house prices within the 1km station zone was £383,351 based on 241 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £60 per sq m is £5,000 equating to 1.30% of the average house price and rising to 1.52% and 1.63% respectively if an additional £10 or £15 per sq m is charged. This analysis suggests there

could be a minimal impact on viability from the proposed MCIL2 levy alone, however an additional £10 or £15 per sq m additional charge could potentially negatively impact viability in this location.

4.3.7 Richmond Upon Thames

Richmond Upon Thames hosts six proposed Crossrail2 stations; Teddington, Hampton, Twickenham, Strawberry Hill, Fulwell and Hampton Wick. The proposed MCIL2 rate is £80 per sq m. With the exception of Hampton Wick, none of the station zones show any noticeable viability concerns from the proposed MCIL2 rates or the additional £10 or £15 per sq m station zone top up. We consider Hampton Wick in more detail below:

- **Hampton Wick** - average house prices within the 1km station zone was £602,110 based on 211 transactions in the 12 months to March 2017. The proposed MCIL2 payable on an average 88.33 sq m dwelling at £80 per sq m is £6,667 equating to 1.11% of the average house price and rising to 1.25% and 1.31% respectively if an additional £10 or £15 per sq m is charged. The proposed MCIL2 charge in isolation is unlikely to have any discernable impact on viability and an additional £10 or £15 per sq m Crossrail2 station zone charge is only likely to have minimal impact on viability in this location.

4.4 Crossrail2 station zone viability summary

In summarising our viability analysis we come to the following conclusions:

4.4.1 At borough Level

- The proposed MCIL2 levy** - on an average borough wide basis proposed MCIL2 rates within proposed Crossrail2 1km station zones do not cause significant viability concerns, with typical charges staying around up to 1.00% and no higher than 1.30% of average house prices with the exception of Waltham Forest, Enfield and Hounslow.
- An additional £10 per sq m Crossrail2 station zone levy** – does not change viability characteristics significantly on a borough wide analysis, with the combined MCIL2 and £10 per sq m station zone levy only exceeding 1.30% of average house prices within Waltham Forest, Enfield and Hounslow station zones.
- If the additional Crossrail2 station zone levy is increased to £15 per sq m** – in addition to Waltham Forest, Enfield and Hounslow, the combined MCIL2 and £15 per sq m station zone levy also exceeds 1.30% in Barnet and Haringey.

4.4.2 On a station by station basis

- The proposed MCIL2 levy** – exceeds 1.30% of average house prices at Chessington North and Chessington South (Kingston Upon Thames), Tottenham Hale and Northumberland Park (Haringey) and Ponders End, Brimsdown, Angel Road and Enfield Lock (Enfield).
- An additional £10 per sq m Crossrail2 station zone levy** – in addition to the stations in A. above, the combined MCIL2 levy and Crossrail2 station zone top up also exceeds 1.30% of average house prices at Tolworth (Kingston Upon Thames).
- If the additional Crossrail2 station zone levy is increased to £15 per sq m** – in addition to the stations in A. and B. above, the combined MCIL2 levy and Crossrail2 station zone top up also exceeds 1.30% of average house prices at Wood Green and Seven Sisters (Haringey), New Southgate (Enfield and Barnet) and Hampton Wick (Richmond Upon Thames).

From undertaking viability analysis on specific geographies, in this case focussed within 1km zones, the impact of proposed MCIL2 rates can be seen more clearly, and in certain cases when analysed in this way the proposed MCIL2 rates depart from the proposed 1-1.30% of average house price range across the borough that we would consider appropriate for setting rates. However, it is important to consider that the proposed MCIL2 rates have been set in the context of boroughs as a whole and not focussing on specific submarkets or geographical areas within boroughs to maintain simplicity in the approach. It is expected that in some cases the proposed MCIL2 rate (and indeed any Station Zone tip up) may exceed the 1-1.30% range of average prices. Indeed, at the time the MCIL1 viability evidence was prepared in 2011 similar viability characteristics or variations would likely to have been present if one limited geographical area of a borough was focussed on. Notwithstanding, the MCIL1 approach to testing viability which has been followed in setting proposed MCIL2 rates has been considered as appropriate by the Examiner in 2012 and by the CIL review team in 2017.⁶

4.5 Borough CIL considerations

At proposed Crossrail2 Station Zones identified with possible viability challenges above, we have undertaken analysis of the Borough CIL levels at each location.

Our preferred approach would have been to analyse the remaining 'buffer' left after the Borough CIL rate is set and after allowing for Mayoral CIL in the Boroughs where we may have viability concerns around specific stations. This 'buffer' represents the amount of money (usually expressed in £ per sq m) that could have been charged as Borough CIL, but is instead left to assist in allowing for individual site specific viability issues to be resolved, and for which a proportion could be used to justify an increased MCIL2 or Station Zone Top. In certain cases, the maximum Borough CIL that could be charged, the proposed Borough CIL rate and whatever is left over (i.e. the 'buffer') is clearly stated in Borough CIL viability evidence. However, due to the varied approach in assessing and reporting of Borough CIL viability evidence, it has not been possible to ascertain the levels of maximum CIL or the buffers in the Boroughs in question.

Therefore we present commentary on stations at Richmond Upon Thames, Enfield, Barnet, Haringey and Kingston Upon Thames below, which were identified above as showing possible viability concerns.

4.5.1 Richmond Upon Thames

Hampton Wick is the only proposed Crossrail2 station in this borough where the proposed MCIL2 rate at £60 per sq m and an £15 per sq m Station Zone top up exceeds 1.30% (1.31%). This station is located in the 'lower' rate charging area which are set at £190 per sq m for residential, £150 per sq m for retail and £25 for hotels and care homes, with all other uses at zero. The chargeable rates have been effective since November 2014.

4.5.2 Enfield

Angel Road station is within the Meridian Water Master Plan Area which has a nil rate Borough CIL. Ponders End, Brimsdown and Enfield Lock are in the Lower Rate Eastern Zone at £40 per sq m residential rate. Enfield's charging schedule has been in force since April 2016.

4.5.3 Barnet

Barnet have adopted a Borough CIL at £135 per sq m across residential and retail uses, with all other uses carrying a nil rate. Barnet's charging schedule was adopted in May 2016.

⁶ See: 'A New Approach to Developer Contributions,' CIL Review Team (October 2016). Retrieved from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/589637/CIL_REPORT_2016.pdf last accessed 17/03/2017.

4.5.4 Haringey

Northumberland Park, Tottenham Hale and Seven Sisters are in the Eastern charging zone, Wood Green, Turnpike Lane and Alexandra Palace are in the Central Charging area. 1km station zones span into the Western charging zone. The residential rate in the Western Zone is £265 per sq m, £165 per sq m in the Central Zone and £15 per sq m in the Eastern Zone. Haringey's Charging Schedule was adopted in July 2014.

In Haringey's CIL updated viability evidence prepared in April 2013, Borough CIL rates were recommended to be in the following ranges for residential development⁷:

- Highgate and Hornsey - £100 - £300 per square metre
- Muswell Hill - £60 - £300 per square metre
- Finsbury Park - £100 - £300 per square metre
- Wood Green - £100 - £20[0] per square metre
- Seven Sisters – nil - £50 per square metre
- Tottenham Hale – nil - £50 per square metre
- Tottenham – nil - £50 per square metre

Looking specifically at Tottenham Hale, Seven Sisters and Wood Green, there are suggested ranges of CIL charge between nil - £50 per sq m and £100-£200 per sq m against rates of £15 per sq m and £165 per sq m which suggests a £35 buffer is to deal with site specific issues, and out of which an additional MCIL2 would need to be accommodated.

4.5.5 Kingston Upon Thames

Tolworth, Chessington South and Chessington North are locations of the proposed Crossrail2 stations where we have identified MCIL2 charges and combined Station Zone top ups exceeding 1.30% of average prices. These stations are in the Borough CIL charging zone 4. Focussing on residential rates, these are set at £50 per sq m in this zone, against a possible maximum of £65 per sq m as per the Borough's CIL viability evidence, prepared in December 2013.⁸ The Borough's Charging Schedule was adopted in November 2015. This suggests a £15 per sq m buffer to account for site specific issues in these locations which would need to accommodate a rise in MCIL levels. Depending on viability changes in the market since the evidence was undertaken, the buffer may have increased.

4.5.6 Borough CIL conclusions

A number of locations such as Enfield (all stations), Hampton Wick, Seven Sisters, Tottenham Hale, Tolworth (North and South) have borough CIL rates for residential of £50 per sq m or below. This suggests that the level of underlying viability in these locations is not strong. Justifying additional station zone top up over and above the proposed MCIL2 borough rates looks difficult.

⁷ See paragraph 6.13 of 'Community Infrastructure Levy: Updated Viability Study prepared by London Borough of Haringey' prepared by BNP Paribas Real Estate, April 2013.

⁸ See table 1.5.1 of 'Community Infrastructure Levy: Viability Study, prepared for Royal Borough of Kingston Upon Thames' prepared by BNP Paribas Real Estate, December 2013.

5 Development activity

5.1 Introduction

In order to estimate the possible quantum of MCIL2 receipts and any additional revenue from a top up within 1km station zones, the quantum of development to be delivered in the 1km station zones needs to be considered. This will be adopted as the JLL baseline position, i.e. the level of development that could occur based on past activity.

5.2 Estimating development activity for the JLL baseline

Based on MCIL1 receipts data we are able to estimate the quantum of development occurring within each of the boroughs in square metres. In Table 11 below development activity based on MCIL1 receipts for 2016-17 for the boroughs subject to our analysis. The amount of development occurring within the proposed Crossrail2 1km station zones based on the percentage of land within each borough that falls within the 1km radii can be estimated.

Table 11: MCIL1 receipts (excl. indexation) by revenues converted to net additional GIA in sq m for FY 2016-17

Borough	MCIL1 receipts 2016-17	MCIL1 rate per sq m (excluding indexation)	Net additional development (GIA) Sq M 2016-17 per borough per annum	Percentage of Borough land within 1km CR2 Zones	Amount of net additional development within CR2 1km station zones based on 2016-17 Sq M per annum
City of Westminster	£12,841,367	£50	211,338	23%	47,845
Haringey	£3,957,497	£35	93,044	44%	40,960
Kingston upon Thames	£1,244,370	£35	29,256	65%	18,959
Wandsworth	£6,150,221	£50	101,218	18%	18,067
Hackney	£4,237,877	£35	99,636	16%	16,240
Camden	£3,755,808	£50	61,811	18%	11,409
Richmond upon Thames	£1,605,715	£50	26,426	28%	7,473
Kensington and Chelsea	£1,671,773	£50	27,513	21%	5,865
Enfield	£873,419	£20	35,936	16%	5,615
Merton	£764,990	£35	17,986	22%	3,890
Islington	£2,135,997	£50	35,153	22%	7,725
Lambeth	£9,370,815	£35	220,315	1%	2,707
Barnet	£4,018,645	£35	94,482	2%	2,044
Waltham Forest	£1,332,141	£20	54,809	3%	1,904
Sutton	£1,183,188	£20	48,681	4%	1,852
Hounslow	£3,243,400	£35	76,255	2%	1,261
Totals			1,233,859		193,816

As a cross-check we have reviewed the 2016-17 MCIL payments by geographical location and the data shows development is generally spread relatively evenly across the Crossrail2 host boroughs. However, locations which show some connection with proposed Crossrail2 stations zones are Westminster and Wandsworth. Development in Westminster has been more concentrated in the south of the borough, to the west of Tottenham Court Road around Victoria stations, for example, compared to the north i.e. St John's Wood and Maida Vale. In Wandsworth, development is generally more focussed around Clapham Junction and Balham, therefore our baseline numbers provide a slightly conservative estimate. However, given that development activity will vary by location from year to year, we assume that development generally takes place evenly across each borough. MCIL.

5.2.1 MCIL2 Central London charging area

The approach for proposing MCIL2 rates includes rolling in the existing Crossrail S106 regime. This involves an MCIL2 Central London charging area which is a modified version of the Central Activities Zone (CAZ). In this area higher rates are proposed for Office, Retail and Hotel uses, and all other uses are to be charged at the underlying borough MCIL2 rate.

In order to estimate development quantum by use and whether or not it falls within the proposed MCIL2 Central London charging area, we have undertaken an estimation of the percentage of proposed Crossrail2 1km station zones that fall fully or partly within the proposed MCIL2 Central London charging area:

- **Tottenham Court Road (Westminster)** – falls entirely within the proposed MCIL2 Central London charging area (100%).
- **Euston (Camden)** - partly falls within the proposed MCIL2 Central London charging area (c.60%).
- **Angel (Islington)** - partly falls within the proposed MCIL2 Central London charging area (c.50%).
- **Victoria (Westminster)** - partly falls within the proposed MCIL2 Central London charging area (c.75%).

In order to apply the appropriate proposed MCIL2 rates and estimate financial revenues, we have undertaken analysis to assess the split of uses that fall within the proposed MCIL2 Central London charging area as follows:

Table 12: Development activity estimates by use based on MCIL1 receipts data for FY 2015-16

Use	Estimated development quantum GIA Sq M	Percentage
Offices	809,333	13.72%
Retail	125,636	2.13%
Hotels	279,031	4.73%
Other uses say	200,000	3.39%
Residential	4,486,000	76.03%
Totals	5,900,000	100.00%

Source: TfL, GLA, JLL

5.2.2 JLL baseline conclusions

Based on the amount of net additional development activity in sq m based on 2016-17 MCIL receipts totalling 193,816 sq m (see Table 11) and estimated split between uses (see Table 13), we present the JLL development baseline below. For applying proposed MCIL2 rates, the splits between offices, retail and hotel uses is shown for the Central London charging area. For quantifying the estimated number of net additional residential dwellings delivered, we have adopted an average unit size of 88.33 sq m.

Table 13: JLL development baseline based on MCIL1 receipts for 2016-17 (adopted for analysis)

Use/area	Use Split	Net additional development sq m pa	Net additional residential dwellings pa (based on 88.33 sq m average unit size)
Proposed MCIL2 Central London charging area			
Office, Retail, Hotel	20.58%	9,587	
Residential	76.03%	35,426	401
All other chargeable uses	3.39%	1,579	
Subtotal – Central London charging area	100.00%	46,592	401
Rest of London			
Residential	76.03%	111,940	1,267
All other chargeable uses	23.97%	35,284	
Subtotal – rest of London	100.00%	147,224	1,267
Total “JLL baseline”		193,816	1,668

5.2.3 JLL baseline development activity compared with previous work undertaken by AECOM

Previous work undertaken by GVA/AECOM forecasts the delivery of net additional homes across a 45 year period from 2015 to 2060 along the proposed Crossrail2 route. This is broken down into phases from 2015 to 2020/21, to 2030/31, to 2040/41 and to 2060.

As per your instructions, we are analysing a period of 24 years to 2040/41. The AECOM model forecasts the following homes to be delivered in a Central Case within each phase under Current Practice (i.e. without Crossrail2) and a New Policy (i.e. the uplift with Crossrail2 and associated changes in planning policy).

We have extracted the number of net additional homes delivered in each time period to 2040/41 at each of the stations within our analysis. Notwithstanding the AECOM work starts in 2015, we have assumed 2017 as the start date, which provides the following breakdown:

Table 14: Summary of AECOM net additional homes by phase at Crossrail2 station zones within London under Current Practice – Central Case

Current Practice - Central Case	Delivered 2017 to 2021	Delivered between 2021 and 2030/31	Delivered between 2031 and 2040/41	Cumulative total 2017-2040/41
Net additional homes*	178	10,082	16,237	26,496
Years	4	10	10	24
Net additional homes delivered per annum (average)	44	1,008	1,624	1,624

*net additional homes are assumed to be those constructed in excess of the existing housing stock.

The number of net additional homes delivered to 2021 in the Current Practice scenario represents current development activity which can be compared with the JLL baseline. This suggests that a net additional 44 homes per annum are currently being delivered along the proposed route. This figure seems very low compared to the JLL baseline of 1,668 net additional dwellings per annum.

We anticipate that the JLL baseline, estimated from actual development activity as per MCIL receipts, is representative of current activity and adopt this, rather than AECOM's 'Current Practice – Central Case' baseline in our analysis.

5.3 Development activity uplift scenario

To assess an uplift position as a result of improved transport connectivity and planning policy as a result of Crossrail2, we have considered the work previously undertaken by GVA/AECOM. Specifically, we have had reference to the GVA report titled *Crossrail2 Work Package 4, Development Assessment and Socio-Economic Impact, Property Market Assessment and Impact* (June 2015) and in conjunction with GVA, AECOM produced an Excel based model titled '*11130 CR2 WP4 Development Potential Model_Phase One*' setting out a number of development scenarios that could take place around the proposed Crossrail2 stations.

This work has informed the publicised figure of 200,000 homes being delivered over the 45 year period from 2015 to 2060 within 1km zones along the proposed Crossrail2 route. This number includes development around both Crossrail2 stations outside of London and stations described as being within 'connected areas.'

For the stations that fall within this analysis, we have analysed the development potential of AECOM's '*New Policy – Central Case*' which forecasts development activity based on PTAL improvement at the stations in question. We present AECOM's summary for development delivered to the period 2040/41 for our analysis in Table 15 below. As with our analysis of AECOM's *Current Practice – Central Case* in Table 14, we have updated the start date to 2017 rather than 2015, as in the original model.

Table 15: Summary of AECOM net additional homes by phase at Crossrail2 station zones within London under New Policy – Central Case

New Policy – Central Case	Delivered 2017 to 2021	Delivered between 2021 and 2030/31	Delivered between 2031 and 2040/41	Cumulative total 2017-2040/41
Net additional homes*	1,007	27,500	43,148	71,655
Years	4	10	10	24
Net additional homes delivered per annum (average)	252	2,750	4,315	2,986
Change compared to AECOM <i>Current Practice – Central Case</i> %	+467%	+173%	+166%	+170%

*net additional homes are assumed to be those constructed in excess of the existing housing stock.

This analysis shows that anticipated net additional dwellings to be developed, under the 'New Policy' is forecast on average to be 1,007 per annum to 2021 (+467% over '*Current Practice*'), rising to 27,500 per annum between 2021 and 2030/31 (+173% over '*Current Practice*') and 43,148 per annum between 2031 and 2040/41 (+166% over '*Current Practice*'). If we take out the impact of AECOM's phasing and take an average over the period 24 year period from 2017 to 2040/41, this equates to the delivery of an average of 2,986 net additional dwellings per annum (+170% over '*Current Practice*').

If we assume that JLL's baseline assumptions are correct, we estimate that currently 1,668 net additional dwellings per annum are already being delivered, which is in excess of the 1,007 units on average per annum in AECOM's '*New Policy*' scenario to 2021. Taking AECOM's average unit delivery forecast over the 25 year period of 2,986 units per annum, this represents a 79% increase in development activity over and above what we estimate is already occurring in the JLL baseline.

Given that AECOM's '*New Policy*' scenario represents a significant increase in development activity, we have also undertaken a sensitivity test using an increase of 25% in development activity.

Therefore, we adopt the following scenarios in our analysis:

Table 16: Net additional GIA for (sq m) and number of net additional homes – scenarios for analysis

Use - area in sq m / number of net additional residential dwellings within 1km Crossrail2 station zones	JLL baseline	Scenario 1 - Development densities increased by 79% over JLL baseline to match ACECOM assumptions on delivery of net additional dwellings	Scenario 2 - Development densities increased by 25% over JLL baseline
Office (sq m)	6,391	11,439	7,989
Retail (sq m)	992	1,776	1,240
Hotel (sq m)	2,203	3,944	2,754
Other (sq m)	36,863	65,977	46,079
Residential (sq m)	147,366	263,753	184,207
Total area (sq m)	193,816	346,889	242,270
Number of net additional dwellings per annum	1,668	2,986	2,085
Years for analysis	24	24	24
Total net additional homes	40,041	71,664	50,051

5.4 Impact on PTAL levels

In the previous work undertaken by AECOM and GVA, station by station analysis was undertaken to estimate the improvements to PTAL ratings that would occur on identified development sites along the route.⁹ As we understand, PTAL forecasts were used when AECOM estimated their development uplift from the 'Current Practice' (i.e. no Crossrail2) to reach their 'New Policy' (i.e. with Crossrail2 and planning improvements).

We have taken the average of the PTAL ratings at each potential site around stations identified by AECOM to show which locations stand to gain the largest improvement in terms of transport accessibility as a result of Crossrail2.

The average improvement in PTAL rating in each host borough is found in Table 17 and at each station in Table 18 and presented in map format at Figure 5.

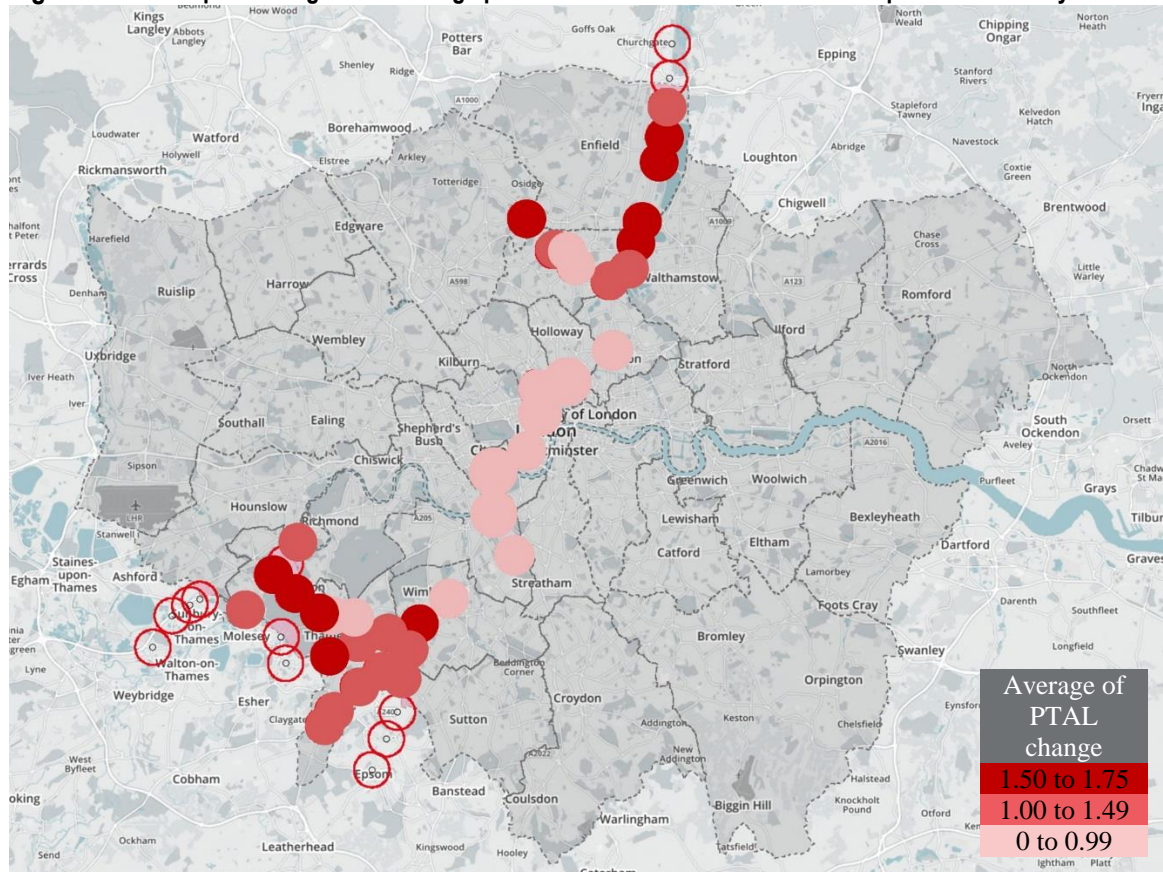
Table 17: Average PTAL change per borough as a result of Crossrail2 as per AECOM analysis

Borough	Average of PTAL change
Enfield	1.56
Richmond Upon Thames	1.38
Haringey	0.94
Kingston Upon Thames	0.92
Merton	0.85
Kensington and Chelsea	0.67
Hackney	0.63
Wandsworth	0.46
City of Westminster	0.14
Islington	0.14
Camden	0.13
Total	0.89

⁹ See: Tab 'A5a. PTAL inputs' of Excel model titled '11130 CR2 WP4 Development Potential Model_Phase One' produced by AECOM.

Table 18: Average PTAL change per station as a result of Crossrail2 as per AECOM analysis

Station	Borough	Average of PTAL change
Angel Road	Enfield	1.75
Northumberland Park	Haringey	1.73
New Southgate	Enfield	1.63
Fulwell	Richmond Upon Thames	1.60
Ponders End	Enfield	1.57
Teddington	Richmond Upon Thames	1.57
Hampton Wick	Richmond Upon Thames	1.50
Raynes Park	Merton	1.50
Surbiton	Kingston Upon Thames	1.50
Brimsdown	Enfield	1.50
Seven Sisters	Haringey	1.40
Hampton	Richmond Upon Thames	1.33
Motspur Park	Merton	1.33
Enfield Lock	Enfield	1.29
New Malden	Kingston Upon Thames	1.25
Tolworth	Kingston Upon Thames	1.08
Alexandra Palace	Haringey	1.00
Berrylands	Kingston Upon Thames	1.00
Chessington North	Kingston Upon Thames	1.00
Chessington South	Kingston Upon Thames	1.00
Malden Manor	Kingston Upon Thames	1.00
Tottenham Hale	Haringey	1.00
Twickenham	Richmond Upon Thames	1.00
Worcester Park	Kingston Upon Thames	1.00
Norbiton	Kingston Upon Thames	0.78
Balham	Wandsworth	0.70
King's Road Chelsea	Kensington and Chelsea	0.67
Dalston Junction	Hackney	0.63
Turnpike Lane	Haringey	0.57
Clapham Junction	Wandsworth	0.29
Kingston	Kingston Upon Thames	0.22
Wood Green	Haringey	0.22
Victoria	City of Westminster	0.20
Angel	Islington	0.14
Euston St. Pancras	Camden	0.13
Wimbledon	Merton	0.11
Tottenham Court Road	City of Westminster	0.00
Grand Total		0.89

Figure 5: Heat map of average PTAL change per station as a result of Crossrail2 as per AECOM analysis

Source: Data © OpenStreetMap contributors. Design © MapBox & JLL. PTAL source figures: AECOM.

Our analysis of average PTAL change based on AECOM's analysis shows that the biggest improvement in PTAL ratings occur at each end of the proposed route, in Enfield, and Haringey in the north and Richmond Upon Thames and Merton in the south, with ratings increasing from 1x to 1.75x on a station by station basis as a result of improved connectivity. The least improvement was seen in centre or at stations which already have good transport connectivity. No improvement to PTAL rating is seen at Tottenham Court Road, for example. Even if PTAL ratings are improved, this does not necessarily mean that development density can increase exponentially without associated supporting planning policy changes in terms of height, massing and availability of development land/sites.

5.4.1 Impact on PTAL levels conclusions

The biggest PTAL improvements are at the extremities of Crossrail2. However, it is these locations, based on current evidence, where the greatest viability concerns arise. Current available evidence must be used to justify CIL differential rates. We conclude that the predicted PTAL improvements are not (yet) matched by viability improvements/development activity.

6 Potential MCIL2 and Crossrail2 1km Station Zone revenues

6.1 Assessing revenue on development activity baseline position

The Mayor's preliminary draft charging schedule for MCIL2 contains differential rates set by borough boundaries. Rates are set according to viability characteristics in each borough. We set out the proposed MCIL2 rates applicable to the boroughs which fall within 1km zones of proposed Crossrail2 stations in Table 19 below.

Table 19: Proposed MCIL2 charging rates from April 2019 applicable to Crossrail2 station zone boroughs

Charging band	Crossrail2 1km station zone boroughs	Proposed MCIL2 rate from April 2019 per sq m
Band 1	Kensington and Chelsea, City of Westminster, Camden, Wandsworth, Richmond upon Thames, Islington.	£80
Band 2	Haringey, Hackney, Merton, Lambeth, Barnet, Kingston upon Thames, Hounslow, Enfield, Waltham Forest	£60
Band 3	Sutton	£25

In addition to the borough rates which apply across London for all uses, the Mayor is proposing a Central London MCIL2 charging area where differential rates are charged on office, retail and hotel uses. All other uses within the Central London MCIL2 charging area will be charged at the underlying borough rates as per Bands 1, 2 and 3 above.

We set out the proposed rates applicable to development that falls within the MCIL2 Central London charging area below:

Table 20: Proposed Central London MCIL2 charging rates from April 2019

Use	Crossrail2 1km station zone boroughs falling within the MCIL2 Central London charging area	Proposed Central London MCIL 2 rate (per sq m)
Office		£185
Retail	Parts of City of Westminster, Camden, Islington	£165
Hotel		£140
Residential/other uses		MCIL2 borough rate (£80 / £60)

6.2 Assumptions for estimating possible revenues

In estimating potential revenues we disregard viability characteristics and the ability to justify station zone increments at Examination. The purpose is to calculate the extent of possible revenues, all other things being equal.

6.3 Estimated revenues based on development activity baseline position

Table 21: Summary of JLL baseline scenario and revenues assuming Crossrail2 station zone top up at £10 per sq m

Use - area in sq m / number of net additional residential dwellings within 1km Crossrail2 station zones and revenues per annum/total	JLL baseline - no station zone top up	JLL baseline - including station zone top up at £10 per sq m
Office (sq m)	6,391	6,391
Retail (sq m)	992	992
Hotel (sq m)	2,203	2,203
Other (sq m)	36,863	36,863
Residential (sq m)	147,366	147,366
Total area (sq m)	193,816	193,816
Number of net additional dwellings per annum	1,668	1,668
Years for analysis	24	24
Total net additional homes	40,041	40,041
MCIL2 revenues generated pa	£14,420,000	£14,420,000
MCIL2 revenues generated total	£346,080,000	£346,080,000
Revenue from station zone top up pa	N/A	£1,940,000
Revenue from station zone top up total	N/A	£46,560,000
MCIL2 revenues + station zone top up pa	£14,420,000	£16,360,000
MCIL2 revenues + station zone top up total	£346,080,000	£392,640,000

Table 22: Summary of JLL baseline scenario and revenues assuming Crossrail2 station zone top up at £15 per sq m

Use - area in sq m / number of net additional residential dwellings within 1km Crossrail2 station zones and revenues per annum/total	JLL baseline - no station zone top up	JLL baseline - including station zone top up at £15 per sq m
MCIL2 revenues generated pa	£14,420,000	£14,420,000
MCIL2 revenues generated total	£346,080,000	£346,080,000
Revenue from station zone top up pa	N/A	£2,910,000
Revenue from station zone top up total	N/A	£69,840,000
MCIL2 revenues + station zone top up pa	£14,420,000	£17,330,000
MCIL2 revenues + station zone top up total	£346,080,000	£415,920,000

MCIL2 revenues that could be generated from development occurring within 1km station zones equates to circa £14,420,000 per annum, assuming development occurs in line with the JLL baseline assumptions, totalling £346,080,000 in absolute terms over a 24 year period (excluding any inflation or discounting). Assuming development levels were unaffected by Crossrail2 and continue at the JLL baseline, but an additional Station Zone levy was charged at £10 per sq m, this could generate an additional circa £1,940,000 per annum and £2,910,000 per annum if £15 per sq m were charged, totalling £16,360,000 or £17,330,000 respectively in absolute terms over a 24 year period (excluding any inflation or discounting).

6.4 Assessing revenue on development activity uplift scenario

Table 23: Summary of uplift scenarios and revenues assuming Crossrail2 station zone top up at £10 per sq m

Use - area in sq m / number of net additional residential dwellings within 1km Crossrail2 station zones and revenues per annum/total	Scenario 1 - JLL baseline development densities increased by 79% to match ACECOM assumptions on delivery of net additional dwellings	Scenario 2 - JLL baseline development densities increased by 25%
Office (sq m)	11,439	7,989
Retail (sq m)	1,776	1,240
Hotel (sq m)	3,944	2,754
Other (sq m)	65,977	46,079
Residential (sq m)	263,753	184,207
Total area (sq m)	346,889	242,270
Number of net additional dwellings per annum	2,986	2,085
Years for analysis	24	24
Total net additional homes	71,664	50,051
MCIL2 revenues generated pa	£25,810,000	£18,020,000
MCIL2 revenues generated total	£619,440,000	£432,480,000
Revenue from station zone top up pa	£3,470,000	£2,420,000
Revenue from station zone top up total	£83,280,000	£58,080,000
MCIL2 revenues + station zone top up pa	£29,280,000	£20,450,000
MCIL2 revenues + station zone top up total	£702,720,000	£490,800,000

Table 24: Summary of uplift scenarios and revenues assuming Crossrail2 station zone top up at £15 per sq m

Use - area in sq m / number of net additional residential dwellings within 1km Crossrail2 station zones and revenues per annum/total	Scenario 1 - JLL baseline development densities increased by 79% to match ACECOM assumptions on delivery of net additional dwellings	Scenario 2 - JLL baseline development densities increased by 25%
MCIL2 revenues generated pa	£25,810,000	£18,020,000
MCIL2 revenues generated total	£619,440,000	£432,480,000
Revenue from station zone top up pa	£5,200,000	£3,630,000
Revenue from station zone top up total	£124,800,000	£87,120,000
MCIL2 revenues + station zone top up pa	£31,010,000	£21,660,000
MCIL2 revenues + station zone top up total	£744,240,000	£519,840,000

In Scenario 1, if development activity increases by circa 79% from the JLL baseline assumptions, MCIL2 revenues that could be generated from the 1km Station Zones are in the order of £25,810,000 per annum, or £619,440,000 in absolute terms (excluding any inflation or discounting). If an additional £10 per sq m Station Zone levy is charged an additional £3,470,000 per annum could be achieved, totalling £83,280,000 in absolute terms (excluding any inflation or discounting). If an additional £15 per sq m Station Zone levy is charged an additional £5,200,000 per annum could be achieved, totalling £124,800,000 in absolute terms (excluding any inflation or discounting).

In Scenario 2, if development activity increases by 25% over the JLL baseline assumptions, MCIL revenues that could be generated in the order of £18,020,000 per annum, totalling £432,480,000 in absolute terms (excluding any inflation or discounting). If an additional £10 per sq m Station Zone levy is charged an additional £2,420,000 per annum could be achieved, totalling £58,080,000 in absolute terms (excluding any inflation or discounting). If an additional £15 per sq m Station Zone levy is charged an additional £3,630,000 per annum could be achieved, totalling £87,120,000 in absolute terms (excluding any inflation or discounting).

A summary of all scenarios is shown in Tables 25 and 26.

6.5 Conclusions

Given the current challenging viability characteristics in some boroughs with station zones, we prefer Scenario 2 suggesting total receipts of £58-£87m in respect of a £10-£15 per sq m incremental station zone charge.

Table 25: Summary of scenarios and revenues assuming Crossrail2 station zone top up at £10 per sq m

Use - area in sq m / number of net additional residential dwellings within 1km Crossrail2 station zones and revenues per annum/total	JLL baseline - no station zone top up	JLL baseline - including station zone top up at £10 per sq m	Scenario 1 - JLL baseline development densities increased by 79% to match ACECOM assumptions on delivery of net additional dwellings	Scenario 2 - JLL baseline development densities increased by 25%
Office (sq m)	6,391	6,391	11,439	7,989
Retail (sq m)	992	992	1,776	1,240
Hotel (sq m)	2,203	2,203	3,944	2,754
Other (sq m)	36,863	36,863	65,977	46,079
Residential (sq m)	147,366	147,366	263,753	184,207
Total area (sq m)	193,816	193,816	346,889	242,270
Number of net additional dwellings per annum	1,668	1,668	2,986	2,085
Years for analysis	24	24	24	24
Total net additional homes	40,041	40,041	71,664	50,051
MCIL2 revenues generated pa	£14,420,000	£14,420,000	£25,810,000	£18,020,000
MCIL2 revenues generated total	£346,080,000	£346,080,000	£619,440,000	£432,480,000
Revenue from station zone top up pa	N/A	£1,940,000	£3,470,000	£2,420,000
Revenue from station zone top up total	N/A	£46,560,000	£83,280,000	£58,080,000
MCIL2 revenues + station zone top up pa	£14,420,000	£16,360,000	£29,280,000	£20,450,000
MCIL2 revenues + station zone top up total	£346,080,000	£392,640,000	£702,720,000	£490,800,000

Table 26: Summary of scenarios and revenues assuming Crossrail2 station zone top up at £15 per sq m

Use - area in sq m / number of net additional residential dwellings within 1km Crossrail2 station zones and revenues per annum/total	JLL baseline - no station zone top up	JLL baseline - including station zone top up at £15 per sq m	Scenario 1 - JLL baseline development densities increased by 79% to match ACECOM assumptions on delivery of net additional dwellings	Scenario 2 - JLL baseline development densities increased by 25%
MCIL2 revenues generated pa	£14,420,000	£14,420,000	£25,810,000	£18,020,000
MCIL2 revenues generated total	£346,080,000	£346,080,000	£619,440,000	£432,480,000
Revenue from station zone top up pa	N/A	£2,910,000	£5,200,000	£3,630,000
Revenue from station zone top up total	N/A	£69,840,000	£124,800,000	£87,120,000
MCIL2 revenues + station zone top up pa	£14,420,000	£17,330,000	£31,010,000	£21,660,000
MCIL2 revenues + station zone top up total	£346,080,000	£415,920,000	£744,240,000	£519,840,000

7 Conclusions

The simplicity of borough wide MCIL rates is hindered by inclusion of zones within boroughs. There is a risk that other locations within a borough could be identified for special treatment with objectors asking for lower rates.

Some boroughs/station zones have viability problems (based on current cost and values) so that no case for uniform station uplifts can be made that is likely to survive scrutiny by the Examiner. A differential rate around proposed Crossrail2 station zones brings added complexity.

Our assessment of the baseline based on MCIL receipts data suggests that a lot more development is occurring already in the station zones than was anticipated in the GVA/AECOM report. Accordingly the incremental benefits of Crossrail2 may have been over estimated.

Based on our analysis which assumes long term demand for homes in London (with or without Crossrail2) and supply-side constraints characterised by lack of land supply and densities constrained by the planning regime and land law.

Improving densities of permitted development (assuming a change to the Planning Policy), in station zones will only have a partial effect because:

- PTAL improvements with concomitant density improvement will only have a partial impact because not all stations have PTAL improvements.
- The maximum possible permitted development is not the same as actual permitted development which may be constrained by other planning policies such as the setting of listed buildings or daylight/sunlight policies or by legal rights such as rights to light owed to neighbouring properties.

We have assumed a 25% increase in development volumes over baseline. This is made up by increased densities in station zones with increased PTAL ratings and increased trajectory due to the focus on Crossrail2 stations and improvements in frequency of service, journey times and rolling stock.

Our projected levels of development are lower than AECOM/GVA's previous estimates for the period 2017 – 2040/41, but more importantly our baseline position is higher so the additionality of MCIL receipts due to Crossrail 2 reduces.

Total possible receipts of £58-£87m are calculated from uniformly applied station zone increments to MCIL2 of £10-£15 per sq m. However, given current available evidence we do not think it would be easy to convince the Examiner to take this approach and there is downside risk in focussing on areas below the borough wide geography that might adversely impact the argument for borough wide MCIL2 rates.

7.1 Confidentiality and publication

In accordance with our normal practice we confirm that the Report is confidential to Transport for London for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully

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