

S.78 of the Town and Country Planning Act (1990) (as amended)

**Appeal against the non-determination of planning application ref.
24/AP/2074**

**The Aylesham Centre, Rye Lane, Peckham, SE15 5EW
APP/A5840/W/25/3366760**

REBUTTAL PROOF OF EVIDENCE

Prepared by Pascal Levine, MRICS, Registered Valuer

on behalf of the Berkeley Homes (Capital) Limited

October 2025

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1. Introduction

- 1.1 My name is Pascal Levine. Details of my qualifications and experience are set out in my main proof of evidence [CD 8.9].
- 1.2 In this rebuttal evidence (“**Rebuttal**”) I adopt the same references and abbreviations as I used in my main proof of evidence (my “**Main Proof**”). My Main Proof was prepared in respect of viability matters and the Aylesham Centre (the “**Appeal Site**”) planning appeal.
- 1.3 This Rebuttal has been prepared in the main to planning viability evidence submitted by Mr Venning of Bailey Venning Associates [CD 8.16] presented on behalf of Aylesham Community Action (“**ACA**”) who are the Rule 6 Party and to lesser extent planning evidence of Mr Ibbott [CD 8.13] also submitted on behalf of ACA as well as Mr Holloway’s planning evidence [CD 8.15] prepared on behalf of the local authority.
- 1.4 I have structured my response as follows:
- Section Two - summary of the key planning viability issues raised by Mr Venning, Mr Ibbott and Mr Holloway.
 - Section Three - summary of the Development Plan policy for planning viability and the delivery of affordable housing.
 - Section Four - a concise response to several financial matters that Mr Venning raises in his evidence including comments on the Appellant’s commercial decision to provide more than the maximum level of affordable housing (‘policy plus’).
 - Section Five - the weight to be attached to the agreed viability evidence.
 - Section Six - a summary of the current situation in London regarding housing delivery.
- 1.5 I have sought to avoid repetition from my Main Proof but simply referred to my evidence where necessary and where I have deemed it helpful to the Inquiry.
- 1.6 This Rebuttal has been prepared by me as a planning viability and affordable housing expert. It should be read alongside my Main Proof and evidence (including rebuttals) submitted by other experts being:
- Nick Alston of Avison Young, who covers planning matters [CD 8.7]; and
 - Sasha Gordon of Quod, who covers socio-economic and equalities matters (appended to Mr Alston’s evidence).
- 1.7 This is not intended to be an exhaustive Rebuttal of the matters made in the evidence listed at paragraph 1.4 above. This Rebuttal only deals with certain key matters where it is considered appropriate and helpful to respond in writing. Where specific points have not been dealt with,

this does not mean that those points are accepted. They may be dealt with further at the Inquiry and/or in writing.

2. Planning Viability Evidence submitted on behalf of the Aylesham Centre and Southwark Council

Evidence from Mr Venning on behalf of the Aylesham Community Action [CD 8.16]

- 2.1 The key evidence on viability matters has been prepared by Mr Venning and there are several points that I seek to concisely comment upon below.
- 2.2 Paragraphs 1.16 to 1.27 of Mr Venning's opening statement helpfully states that the viability of the Appeal Scheme is not in question and that *'It is not my intention to re-open that process.... I am not seeking a second bite of the cherry'*.
- 2.3 However, Mr Venning does then proceed to make several major amendments to the development costs resulting in a significant reduction in the deficit (albeit one that does not appear to increase the level of affordable housing) with the intention to *'persuade the Inspector to give the viability less weight in this case than he might elsewhere'*.
- 2.4 Within Mr Venning's opening statement, he refers to the 'Golden Thread' of the Planning Committee and Annex D of his evidence includes the relevant transcript from the July 2025 Planning Committee.
- 2.5 As my Main Proof [CD 8.9] and Sections Three and Four of this Rebuttal illustrate, this 'Golden Thread' approach is largely politically motivated, is not consistent with the requirements of the Development Plan and is highly likely to be counterproductive in terms of overall housing delivery being contrary to the intent of national policy and as referenced in the Council's own evidence base for the policy in 2017¹.

Evidence from Mr Holloway on behalf of Aylesham Community Action [CD 8.15]

- 2.6 Mr Holloway's evidence [CD 8.5] is primarily related to other planning matters which are dealt with in evidence and rebuttal from Mr Alston [CD 8.7] from Avison Young who is the Appellant's planning expert.
- 2.7 In summary, in respect of the viability matters, Mr Holloway's evidence in paragraphs 12 to 16 of his evidence seeks to require the Inspector to apply 'lower weight' to the viability agreement based on the evidence provided by Mr Venning.

Evidence from Mr Ibbott on behalf of the London Borough of Southwark [CD 8.13]

- 2.8 Mr Ibbott's evidence is also primarily related to other planning matters which are dealt with in Mr Alston's evidence [CD 8.7] and rebuttal.

¹ Please see my comments on this in paragraph 3.24 of this Rebuttal in respect of the 2017 evidence base

- 2.9 In summary, in respect of planning viability matters, Section Five of Mr Ibbott's evidence acknowledges that the position is agreed between the Appellant and the Council but states that the Local Plan was subject to viability testing in 2017 (according to Mr Ibbott's paragraph 5.26), limited weight should be applied to the agreed planning viability.
- 2.10 My comments on the Development Plan requirements and reference to the Council's policy evidence base published in 2017, are contained in Section Three and Section Four respectively.
- 2.11 In terms of the weight to be given to the viability evidence, please refer to my comments, aside from my Main Proof [CD 8.9], in Section Five of this Rebuttal.
- 2.12 Mr Ibbott also refers at paragraphs 5.35 to 5.42 the changes from 35 percent affordable housing in July 2024 to 12 percent affordable housing in December 2024 made by the Appellant. The rationale for this amendment is included in my Main Proof [CD 8.9] however I make further comments below, which I hope are helpful for the Inquiry.
- 2.13 In relation to paragraphs 5.43 to 5.45 and the matter of viability reviews, these were never in contention, and I can confirm that the Appellant has now agreed further to discussions with the Council and their advisors that an 'open book' viability review methodology including early, mid and late-stage reviews, is acceptable and will be contained within the Section 106 agreement.

3. **Viability Principles and the Delivery of Affordable Housing through the National Planning Policy Framework and the Development Plan**

Appeal Scheme - Agreed Planning Viability

- 3.1 The Appeal Scheme is proposing 12 percent affordable housing with a series of planning viability review mechanisms that could secure additional affordable housing in the future. These viability review will be 'open book', that is the inputs will be actual costs and values where known. depending on the timing of the Early, Mid and Late-Stage Review and estimates where not yet known.
- 3.2 It is agreed with the Council, and as stated in my Main Proof [CD 8.9], that the delivery of 12 percent affordable housing is more than the maximum viable amount. This is not in contention by any of the parties involved. I have described the affordable housing proposition in my Main Proof [CD 8.9] as being 'policy plus' and being wholly compliant with the requirements of the Development Plan.

National Planning Policy Framework and Guidance - Viability

- 3.3 I have provided below a summary of the national policy and key Development Plan matters pertaining to the use of planning viability to determine the maximum amount of affordable housing that development can deliver.
- 3.4 The National Planning Policy Framework ('NPPF'), accompanying guidance ('NPPG') and the Development Plan set out the framework for the delivery of affordable housing and explain under what circumstances planning viability should be adopted.
- 3.5 Planning viability is an objective test designed to ensure that the planning system secures the maximum amount of affordable housing that is viable in accordance with the Development Plan. In essence, adopted correctly, the Development Plan will ensure the optimisation of affordable housing on every single site.
- 3.6 Paragraph 59 of the NPPF states:

'Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning practice guidance, including standardised inputs, and should be made publicly available'.

- 3.7 In the case of the Appeal Site, and as included in Section Three of my Main Proof [CD 8.9], the Appeal Scheme is subject to significant specific on-site costs, that would be the same for any developer, that have a substantial financial impact, as agreed with the Council.
- 3.8 Further, the Appeal Scheme is blighted by the significant economic, geopolitical and regulatory challenges that are impacting the delivery of development generally across the country and housing starts in the capital have collapsed (key statistics are included in Section Six of this Rebuttal and Mt Alston's evidence [CD 8.7] and rebuttal).
- 3.9 The NPPG provides clarity on the role of planning viability in policy making and site-specific determination. The NPPG sets out the requirements in respect of key inputs into the planning viability process such as Gross Development Value, construction costs, Benchmark Land Value and Developer Return.
- 3.10 Paragraph 005 of the NPPG regarding the viability of the strategic sites in a local authority area, states:
- 'It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of planned supply, sites that enable or unlock other development sites or sites within priority regeneration areas. Information from other evidence informing the plan (such as Strategic Housing Land Availability Assessments) can help inform viability assessment for strategic sites'.*
- 3.11 I have not been able to identify any viability testing that was undertaken on this key town-centre site in either the 2017 Local Plan viability evidence (notwithstanding that the evidence base is now eight years old). The evidence base for the Council's New Local Plan affordable housing policy P1 'Social rented and intermediate housing' is dated November 2017. I shall comment upon the findings of the evidence base below in respect of comments raised by Mr Ibbott in his evidence at paragraph 5.26.

Development Plan Policies - Viability

- 3.12 The Development Plan policies for the delivery of affordable housing comprise Policy P1 of the New Local Plan, 2022, and Policies H4 and H5 of the London Plan, 2021.
- 3.13 Policy H4 'Delivering Affordable Housing' of the London Plan sets a strategic target of 50 percent affordable housing from across London from all sources. Part One of the policy requires major development to provide affordable housing through the threshold approach as defined in Policy H5. Paragraph 4.4.1 from the supporting policy text states that '*All schemes are expected to maximise the delivery of affordable housing and make the most efficient use of available resources*'.

- 3.14 Policy H5 of the London Plan sets out the Threshold Approach to the delivery of affordable housing. If a landowner / developer provides 35% or 50% affordable housing depending on the prior use (and meet other requirements) no viability assessment is required and there will be no need for reviews.
- 3.15 There will always be cases where the threshold level of affordable housing is simply not deliverable, and this is clear from the strategic plan for London. Rather than burden these sites with levels of affordable housing which would lead to non-delivery of housing overall the London Plan allows for lower levels of affordable housing or even no affordable housing to be provided if that can be shown to be the maximum level of affordable housing.
- 3.16 Part F of Policy H5 of the London Plan, 2021, states:
- ‘Where an application does not meet the requirements set out in Part C it must follow the Viability Tested Route. This requires detailed supporting viability evidence to be submitted in a standardised and accessible format as part of the application:*
- 1) the borough, and where relevant the Mayor, should scrutinise the viability information to ascertain the maximum level of affordable housing using the methodology and assumptions set out in this Plan and the Affordable Housing and Viability SPG’.*
- 3.17 Paragraph 4.5.2 of the London Plan, that supports Policy H5, states:
- ‘The Viability Tested Route will assess the maximum level of affordable housing that a scheme can deliver in cases where the threshold level of affordable housing cannot be met and where fixed or minimum affordable housing requirements are not in place’.*
- 3.18 The London Plan requirements are set out in a more detailed guidance note entitled ‘Homes for London – Affordable Housing and Viability Supplementary Planning Guidance’ (SPG), 2017. The SPG precedes is a material consideration in the determination of planning applications.
- 3.19 The London Plan, 2021, seeks to secure the maximum level of affordable housing on each site through the ‘Threshold Approach’ to Viability. It is this Threshold approach that underpins policy H5 of the London Plan, as referenced above.
- 3.20 Paragraph 2.1 of the SPG, 2017, states:
- ‘This SPG does not and cannot set a fixed affordable housing requirement. Instead, it provides a framework for delivering the maximum reasonable amount of affordable housing in the context of current London Plan Policies² (3.10, 3.11, and 3.12) and past delivery. It specifically focuses on viability by setting out more consistent, certain and transparent processes for the assessment of*

² superseded by policies H4 and H5 of the London Plan, 2021

planning applications to accelerate planning decisions, thereby enabling more rapid delivery of new and affordable housing’.

- 3.21 In terms of local policy, Part 1 of policy P1 of the Southwark New Local Plan, 2022, states: *‘Development that creates 10 or more homes must provide the maximum viable amount of social rented and intermediate homes. The minimum amount should be 35%, as set out in Table 1, subject to viability’.*
- 3.22 Further, Part 3 of the policy states: *‘Viability appraisals and reviews are required for all developments. These must be published for public scrutiny’.*
- 3.23 I note that Mr Ibbott’s evidence includes a reference to the ‘The New Southwark Plan Evidence Base: Housing Policy Viability Update’ (BNP Paribas, November 2017), citing paragraph 5.26, the report concludes that *‘... requirement of 35% affordable housing remains a reasonable requirement across all developments in the LBS’.*
- 3.24 I have included an extract from the evidence base at Appendix One of this Rebuttal. The third bullet point of paragraph 1.8 on page 4 of the evidence base, under the sub-heading ‘Key findings and recommendations’ states:
- ‘The testing has demonstrated that the Council’s Policy DM1 requirement of 35% affordable housing remains a reasonable requirement across all developments in the LBS. Some schemes (subject to their benchmark land values) are able to achieve higher amounts of affordable housing (50% affordable housing). As can be expected however, some schemes are also identified as having challenging viability. However, the Council’s flexible approach in their policy i.e. that the provision will be subject to viability, will assist with both development viability and ensuring the delivery of the maximum quantum of viable affordable housing’.*
- 3.25 Notwithstanding the evidence is now eight years old, the key findings and recommendations are also clear in respect of the need for flexibility in the application of the policy to ensure that affordable housing can be maximised on all sites.
- 3.26 Chapter Four of the Council’s Affordable Housing SPD, adopted in July 2025 also provides guidance on ‘Viability Assessments and Reviews’ mirrors the GLA Threshold approach and includes a ‘Fast Track Route’ or a ‘viability tested route’.
- 3.27 The Appeal Scheme has been subject to the viability tested route. Section 4.2 of the Affordable Housing SPD states, *‘Assessments should identify the maximum amount of affordable housing (or financial contribution in the case of developments of 9 homes or fewer) which can be delivered’* and further *‘Viability review mechanisms will also be required to ensure that affordable housing delivery increases if the viability of a site improves over time’.*

Summary



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- 3.28 National policy and guidance provide the framework for the submission of planning viability assessments that ensures that the delivery of affordable housing is maximised.
- 3.29 The London Plan seeks the maximum level of affordable housing provision subject to viability as does the New Local Plan. The Development Plan is extremely clear in how to determine the maximum level of affordable housing that can be secured on every site.
- 3.30 National policy and the Development Plan also provide a policy mechanism in the form of planning viability review mechanisms to capture additional obligations in the future subject to market conditions.
- 3.31 Mr Venning, Mr Ibbott and Mr Holloway's assertions on applying limited weight to the evidence are therefore in my opinion contrary to national policy and the Development Plan and indeed recent decisions in general (as included in my Main Proof [CD 8.9]) and would simply stymie development and result in lower levels of market and affordable housing.
- 3.32 As Mr Alston's evidence [CD 8.7] and rebuttal illustrates, a significant number of the borough's strategic sites, that are needed to be delivered to meet the objectives of the Development Plan, are currently unviable and housing starts across the capital have collapsed as I summarise in Section Six.
- 3.33 The challenging economics of development are not unique to this Appeal Site, and this has been noted by what we understand will be a Ministerial Statement to be published by the time of the Inquiry and a Practice Note from the GLA that will likely provide flexibilities in the planning system to encourage delivery (please see the delivery statistics in Section Five of this Rebuttal).
- 3.34 The collapse in housing starts, viability challenges and 'emergency guidance was in fact addressed by the Deputy Mayor at a 'Shaping London's Future' conference that I attended in September a, helpful summary of which is covered in the attached *OnLondon* article included at Appendix Two of this Rebuttal.

4. Rule 6 Party Viability Evidence

- 4.1 Mr Venning helpfully accepts at paragraph 5.1 of his evidence and that the Appeal Scheme has been through a ‘full viability process’ and that ‘for the avoidance of doubt, it is also not my intention to attempt a second bite of the cherry and to undertake a secondary review of the viability evidence submitted’. However, this appears to be what is subsequently presented.
- 4.2 Mr Venning questions the weight to be attached to the viability evidence given that the agreed position is not 35 percent. Mr Venning cites three matters at paragraph 1.1 being, which I summarise as follows:
- The package of affordable housing being too low.
 - That whilst the viability case presented (and agreed) by the Appellant (and the Council) is ‘purportedly’ consistent with guidance, Mr Venning seeks to ‘draw attention to some of the implications of that agreed position.
 - The offer not to offer an element of Community Land Trust Housing reduces the benefit of that element and forgoes an opportunity to develop a housing product that responds positively to current local market conditions.
- 4.3 I deal with these matters concisely below albeit my Main Proof [CD 8.9] and Section Three of this Rebuttal largely responds to the first point, being that the affordable housing component of the Appeal Scheme has been rigorously tested in an extremely challenging economic climate and is in full accordance with the Development Plan and is ‘policy plus’.

Planning Viability vs. Appellant’s Position

- 4.4 Mr Venning presents what he refers to as a ‘discrepancy’ (paragraph 5.8 of his evidence), between comments made at the Planning Committee which are included in his evidence (including an appendix with extracts from the Committee transcript) and the agreed viability position.
- 4.5 Planning viability is undertaken on an objective basis as required by national policy guidance and the RICS Professional Standard ‘Financial viability in planning: conduct and reporting’, 2019, and ‘Assessing viability under the National Planning policy Framework 2019 for England’, 2021. This is not a matter in dispute and is accepted by all parties. The Council’s advisors BPS Chartered Surveyors note in their report dated March 2025 that their assessment has been undertaken objectively and in accordance with the professional standards.
- 4.6 As such, the circumstances of any planning applicant are not pertinent to the planning viability test (as indeed Mr Venning acknowledges in paragraph 5.10 of his evidence). To take an alternative approach would be contrary to well established planning practice, professional

practice and law. Mr Venning's comments are made regarding what is referred to as a 'discrepancy' at paragraph 1.20 of his evidence in relation to the planning viability deficit derived by the 12 percent affordable housing proposal and comments made by Mr Alston and a representative of the Appellant at the July 2025 Planning Committee.

- 4.7 It is however the prerogative of any landowner to make an affordable housing proposal that is more than the maximum viable amount regardless of the viability evidence provided. The planning system does not prohibit that. The planning system seeks the maximum viable amount.
- 4.8 The Appeal Scheme is 'policy plus', that is more than what the Development Plan requires, and the 12 percent affordable housing is a significant benefit to the Appeal Scheme alongside the other benefits.

Mr Venning's Appraisal Adjustments

- 4.9 Notwithstanding the acceptance in paragraph 5.10 of the objective nature of the exercise, Mr Venning highlights financing costs, developer return and build costs, as three components of the viability exercise, that could be amended to improve the viability outcome and then seeks to reconcile the amended inputs with reference to the nature of the Appellant (i.e. a listed housebuilder).
- 4.10 The rationale for the exercise appears to be at paragraph 5.18 where Mr Venning seeks to illustrate that the aggregation of cost savings on finance, developer return and build costs, equates to a viable proposition albeit with no increase on the 12 percent affordable housing measure (rather than £41m deficit as proposed by the Council's advisors and £67m as proposed by myself).
- 4.11 Mr Venning's appraisal at Annex B of his evidence, retains the 12 percent affordable housing component and a residual developer return of 16.1 percent on GDV which is below the agreed target rate of return i.e. even with the cost adjustments on finance, build cost and developer return, the 12 percent proposition remains the maximum amount.
- 4.12 On the basis of this updated appraisal, Mr Venning states that the weight to be applied to the delivery of 35 percent affordable housing should outweigh the weight to be applied to a 'marginal' viability position.
- 4.13 In terms of the alterations to inputs themselves as included at Appendix A of Mr Venning's evidence, I would make the following high-level comments:
- Developer return – I would note that I have an agreed position on the developer return with the Council and the rate is within the NPPG allowance of 15 to 20 percent (paragraph 18 of the NPPG). Development risk is at a level currently that is not commensurate with any other time in my 25 years in working in London in a planning and development capacity.

- Finance – the methodology I applied on the finance cost is established in professional guidance and consistently applied across all planning viability assessments. This is agreed with the Council. The actual rate of finance was a point of disagreement (8 percent vs. 7 percent) but this was not material to the overall outcome. Mr Venning departs from established practice on this point and the approach seeks to adopt an Appellant specific methodology, albeit incorrectly.
- Build Costs – Mr Venning makes some substantive amendments to the agreed build costs albeit noting at paragraph 7.26 his own concerns regarding the plausibility of his own approach and subsequently refers to the methodological approach as ‘*value engineering is on the high side but not unheard of*’.

I would note that the build costs in the financial viability assessment that have been agreed with the Council were supported in the form of a detailed elemental breakdown provided by cost advisors Fulkers Bailey Russell. Any future savings or cost increases will be picked up in the agreed viability reviews.

Community Land Trust Housing

- 4.14 The value of the CLT housing is less than the value of the intermediate homes, that are valued on the basis of being London Shared Ownership. The delivery of CLT homes would have been at the expense of other affordable housing and a decision was made by the Appellant to optimise the traditional affordable housing component.

Local Market Values

- 4.15 Mr Venning makes reference at paragraph 1.14 and then expands in Section Three of his evidence as to the local market values and an implication of a mismatch between the Appeal Scheme pricing and the local market. I would note that the values are agreed with the Council and the Appeal Scheme’s value derives the benefits that are secured. However, we have provided a summary document at Appendix Three that includes existing local market pricing which has indirectly informed the pricing for the Appeal Scheme.

Summary

- 4.16 In respect of the three matters raised by Mr Venning, I would summarise my response as follows:
- The package of homes is ‘policy plus’ and greater than the maximum required by the Development Plan. The viability of the Appeal Scheme is an agreed matter, not in question, and Mr Venning appears to be in acceptance of this fact.
 - The objective methodology is consistent with professional practice, policy guidance and indeed the approach taken across financial assessments for planning viability purposes.

The approach adopted by Mr Venning does not yield a better outcome in affordable housing terms but is wholly inconstant with guidance on this matter and my own extensive experience.

- The CLT housing, if included, would have been at the expense of other forms of intermediate housing and a decision has been taken to optimise the affordable housing output.

5. The Weight to be Applied to the Viability Evidence

- 5.1 National policy and the Development Plan are extremely clear that the viability evidence is a material consideration in the determination of planning applications. The viability evidence on the Appeal Site is not in dispute.
- 5.2 However, the Mr Venning's proposition is that limited weight should be applied to the viability evidence as the Appeal Scheme is no longer delivering 35 percent affordable housing, and as explained above, this in my opinion is contrary to the Development Plan and counterproductive.
- 5.3 The 'decision maker' as referred to in paragraph 59 of the NPPF does not exist in a vacuum. The 'decision maker' does however have the Development Plan policies upon which they are required to determine planning applications. Policies P1 of the New Local Plan and H5 of the London Plan are clear as to the role of viability in determining the maximum level of affordable housing.
- 5.4 In my opinion, in terms of the weight to be applied to the delivery of 12 percent affordable housing the following matters are relevant:
- The level of affordable housing now proposed is in excess of the maximum reasonable amount as defined through the planning viability process as zero by all the parties involved.
 - The 12 percent is therefore 'policy plus' and the quantum not inconsistent with the level of affordable housing secured at other planning appeals this year and with other schemes being positively determined at a local level recently as referred to in my Main Proof [CD 8.9].
 - Lower levels of affordable housing in the current and foreseeable future are anticipated given the economics of provision with the current significant economic challenges and this was verbally relayed by the Deputy Mayor in London in recent weeks.
 - The need for affordable housing remains acute across London and as the statistics in Section Six of this Rebuttal illustrate, and also in Mr Alston's evidence [CD 8.7], there has been an unprecedented drop-off in construction starts, both of private and affordable homes.
 - As covered in my Main Proof [CD 8.9], the Appeal Site was allocated in the 2014 Local Plan, and then again in the updated 2022 New Local Plan. As part of the New Local Plan, the viability of the allocation is subject to the Development Plan policies.
 - No developer has been able to bring forward the Appeal Site allocation and it is extremely questionable as to whether 35 percent has ever been a viable proposition given the site-specific challenges and macro-economic and geopolitical headwinds as detailed in Sections Three and Four of my Main Proof [CD 8.9]. Nor is it likely to come forward with 35 percent (or indeed anything higher than 12 percent) in the foreseeable future.

- No reasonable developer would be able to bring forward the Appeal Site, delivering the allocation, with 35 percent affordable housing given the on-site and external costs and constraints.
- 5.5 As such, in accordance with the Development Plan, the delivery of 12 percent affordable housing should be afforded significant weight. Failure to apply the Development Plan correctly regarding planning viability will in all probability have a significant counterproductive impact on housing supply.

6. The Current Housing Delivery Situation in the Capital - Headlines

London Housing Delivery Trends

- 6.1 Mr Alston's rebuttal also provides evidence as to the significant drop off in development activity in the capital including a significant number of allocated sites in Southwark where housing numbers will not be delivered as previously identified.
- 6.2 Molior London monitor the development pipeline for residential schemes in excess of 20 units. Their latest quarterly report published in October 2025 provides the following statistics on housing starts in Southwark and across London as a whole.
- In London, 3,248 private homes began construction during the first half nine months of 2025 against a current London Plan annual target of 52,300 homes per annum (that's 6.9 percent of the nine-month target) and an emerging draft target of 88,000 homes per annum.
 - Molior forecast less than 5,000 starts this calendar year.
 - Molior estimate work has stopped in one in six residential projects in the capital.
- 6.3 The catastrophic drop off in starts and completions is as a result of the macro-economic, geopolitical and regulatory changes that are identified in my Main Proof [CD 8.9].

7. Statement of Truth and Declaration

7.1 I confirm that I have made clear which facts and matters referred to in this Rebuttal are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

7.2 In preparing this Rebuttal, I confirm that:

- I have drawn attention to all material facts which are relevant and have affected my professional opinion.
- I understand and have complied my duty to the Inquiry as an expert witness which overrides any duty to those instructing or paying me, that I have understood this duty and complied with it in preparing my evidence impartially and objectively, and I will continue to comply with that duty as required.
- I am not instructed under any conditional or other success-based fee arrangement.
- I have no conflicts of interest.
- I am aware of and have complied with the requirements of the rules, protocols and directions of the Inquiry.

Pascal Levine MRICS



14 October 2025

Appendix One - Extract from BNPPRE Evidence Base, November 2017

Key findings and recommendations

1.8 The key findings of the study are as follows:

- The results of this update study are reflective of current market conditions, which are likely to improve over the medium term, which is likely to lead to improving development viability. It is therefore important that the Council keeps the viability situation under review so that any policy requirements can be made and adjusted to reflect any future changes.
- Some development typologies tested were unviable in certain circumstances due to market factors, rather than the impact of the Council's proposed policy requirements and standards. In particular it tends to be in relation to the high benchmark land values. These schemes are identified in the appraisals as being unviable at 0% affordable housing. These schemes will not come forward until changes in market conditions i.e. an improvement in sales values by comparison to build costs and the development value vs the existing use and competing uses for the site. In this regard their current unviable status should not be taken as an indication that the Council's requirements cannot be accommodated.

Affordable Housing

- The testing has demonstrated that the Council's Policy DM1 requirement of 35% affordable housing remains a reasonable requirement across all developments in the LBS. Some schemes (subject to their benchmark land values) are able to achieve higher amounts of affordable housing (50% affordable housing). As can be expected however, some schemes are also identified as having challenging viability. However, the Council's flexible approach in their policy i.e. that the provision will be subject to viability, will assist with both development viability and ensuring the delivery of the maximum quantum of viable affordable housing. Considering the results of this assessment holistically and considering the Council's preference for social rented accommodation, we recommend that the current requirement of 35% is maintained.
- In light of the results we consider that there is no need for the Council to adopt a sliding scale of affordable housing for units between 11 to 15 units, and that the Council's flexible policy approach allowing for viability will be sufficient to assist schemes where due to site specific circumstances they are unable to deliver 35% affordable housing.
- The sensitivity testing of affordable housing tenures as part of this assessment has identified that the Council's Policy DM1 approach of seeking 25% social rent to 10% intermediate (71%:29%) across the majority of the LBS can be delivered in a number of the scenarios tested. Further, the results identify that viability can be seen to improve marginally when London Affordable Rent ('LAR') is sought in place of Borough calculated social rent (of up to circa 5%). Given this position and that the Council has an identified a need for social rented housing in the we consider that the emerging NSP's policy approach of requiring rented affordable housing to be delivered as Borough calculated social rents as a priority is reasonable.
- Our assessment of shared ownership accommodation has identified that viability improves with increasing income thresholds from the Council's identified thresholds to the GLA's thresholds. However, this is seen to be only a marginal improvement in viability given that intermediate units make up a small part of the affordable housing offer (circa 29%).
- Our testing of schemes with the inclusion of London Living Rent ('LLR') in place of shared ownership is seen to have a limited impact on the viability in schemes where shared ownership values are based on the Council's lower income thresholds. Shared ownership at the GLA's income thresholds is identified as being more viable than LLR.

Appendix Two - OnLondon article 27 September 2025



Sadiq Khan deputy hints at major policy shift to increase homebuilding

27th September 2025

Deputy Mayor for Planning, Jules Pipe, has told a high-level conference to expect "immediate measures"

CHARLES WRIGHT

As London's housing crisis deepens, pressure is mounting on Sir Sadiq Khan to reduce his 35 per cent affordable housing requirement for new private developments to help revive home building in the capital, now at a record low.

Could a dramatic City Hall announcement be imminent? That was certainly the expectation among development professionals at the [Shaping London's Future conference](#) held by leading planning chambers [Landmark](#) last week "Everyone is waiting for the GLA (Greater London Authority) announcement," said one attendee as the session began.

That made Jules Pipe, Sir Sadiq's deputy for planning and overseer of the London Plan, the Mayor's long-term blueprint for development in the capital, something of a star attraction. And while participants may have been disappointed not to hear specific pledges from him, Pipe suggested there isn't long to wait. There was an "increasing sense of urgency" as development ground to a halt, he said, with City Hall working with government on "immediate measures".

Speakers set out the now familiar cocktail of challenges which, according to [Tom Dobson](#) of planning consultancy Quod, meant that in the coming period "most developers aren't going to be building very much". Soaring costs, high inflation and interest rates and falling sales, coupled with the pressures of new building safety rules and the demand to provide high levels of affordable housing, new infrastructure and other public provision, were all making schemes increasingly unviable.

Two recent schemes were highlighted, the 1,000 home [Stag Brewery](#) development in Mortlake and the 52-storey, 434 home [Cuba Street](#) scheme at Canary Wharf, where developers had successfully argued for large reductions in an initial 30 per cent affordable home provision, to enable works to proceed. Meanwhile, as Pipe himself pointed out, no work has begun on thousands of potential homes in the capital for which there is planning permission because of similar viability concerns.

With homelessness increasing, the situation is all the more acute because affordable housing built by private developers under "[Section 106](#)" agreements with boroughs, in return for planning permission, makes up more than half of the total affordable supply in the city.

More homes in London were also critical for UK economic growth, said Landmark KC Rupert Warren, while his colleague Zack Simons KC pointed out that with the capital allocated almost one in four of new homes in government plans, there would be "no hope" of reaching that target "unless London does its bit". The Mayor's London Plan, added fellow KC Russell Harris, must "become a delivery machine...because if it doesn't, no-one else will".

"I'm very alive to the reality of development in the current climate," said Pipe. "We recognise the viability challenge, and the Mayor is serious about kick-starting development in London." Short-term measures that might initially focus on helping unlock stalled sites and "make those permissions a reality" were in train, he said.

Pipe added that viability challenges were not all due to City Hall and borough planning rules and other regulations. Wider economic pressures were in play, and more investment in transport – particularly City Hall’s top three proposals, for the Bakerloo line and Docklands Light Railway extensions and the new West London orbital line – was vital for meeting the city’s 10-year 880,000 home target.

But he also accepted that for potential new development what had been a flagship, and initially successful, Khan policy, offering a “fast track” through the planning process in return for 35 per cent affordable housing, was no longer delivering. And [changes](#) brought in by City Hall at the end of last year, designed to speed up delivery by allowing more flexibility on the type of affordable housing provided, had “not been enough”.

The Mayor would now be “increasingly active” in exercising his power to “call in” major planning applications and take over decision-making from the borough in order to push schemes through, Pipe promised. But beyond that, what could the emergency City Hall guidance, which is now clearly expected – perhaps in the next few days, according to some observers – look like?

Pushing that 35 per cent threshold down is the main demand, with viability expert [James Brierley](#), from the Newmark consultancy putting his money on a reduction to 20 per cent. “Developers want to build, and schemes should provide what they can and maximise the amount of affordable housing, recognising that affordable delivery is the government focus,” he said. “But we need a bit of pragmatism and realism.”

Simons highlighted what he said was the “biggest constraint” on housebuilding in London, its extensive Green Belt, covering 22 per cent of the city’s land area. The government’s changes to planning rules allowing some release of Green Belt land, alongside strict affordable quotas, was a “once in a generation” opportunity to get building, he said, and urged developers to “strike while the iron is hot”.

Follow Charles Wright on [Bluesky](#). Photo: New homes at Brent Cross Town.

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5 Comments

Metal Mickey says:

27th September 2025 at 7:07 pm

So khan will allow multiple buildings in London, but very few will be for social housing, Wow, thanks for looking after the poorer classes

REPLY

Dave Hill says:

28th September 2025 at 10:42 am

I think the problem is that around half of affordable homes built in London, including for social rent, are supplied as a by-product of private developments.

At the moment, there is almost no private housing development at all, which means almost no affordable and/or social housing through that channel either. Asking the private sector to supply a small proportion may mean that at least some in forthcoming – as opposed to none at all as at present.

REPLY

mark orr says:

28th September 2025 at 2:53 pm

OK so who builds the remaining 50% of affordable not a by-product of private developments I'd like to see some stats ?

Dave Hill says:

1st October 2025 at 1:26 pm

It varies a bit year by year, but broadly speaking a bit over half of all forms of “affordable” – low cost home ownership, social rent, affordable rent – are built through the Mayor’s government-funded affordable homes programme. The rest are built by private sector developers as conditions for receiving planning consent for their residential schemes as a whole (via Section 106 agreements). It is the latter that has almost completely dried up. Hence the growing calls for the Mayor to “fast-track” schemes with less than 35% affordable within them.

Jim Carter says:

30th September 2025 at 6:22 pm

Let's build lots of houses but pretty much only a handful only are affordable. We'll be no better than we are now. The government can press on developers if they really wanted to and nationalise house building if necessary. Alternatively give smaller firms the opportunity to win the contracts.

REPLY

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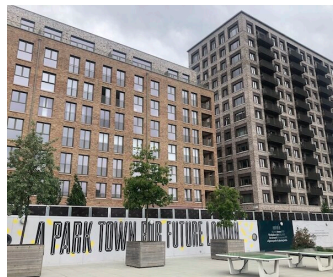
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Appendix Three - Local Market Pricing Summary, October 2025

14th October 2025

MARKET RESEARCH NOTE

The Aylesham Centre, Peckham, SE15 Market Research Commentary

The purpose of this note is to provide an overview of the local housing market and opinion of values surrounding the proposed development at The Aylesham Centre, Peckham, SE15 5EW (hereafter “the Site”).

Site Location

The Site is located in the administrative boundary of the London Borough of Southwark (“LBS” or “the Council”), situated in Peckham, along Peckham High Street. The Site itself lies just 400m north of Peckham Rye Station, and 700m east of Queens Road Peckham Station, both with regular Southeastern and Thameslink services to central London locations.

Peckham High Street lies directly north of the Site. There is existing low rise housing to the east and south, and to the west lies a secondary shopping frontage, fronting onto Rye Lane, with a large supermarket and associated parking area just beyond that.

Proposed Development Values

The adopted values for the proposed development are at a blended average of £860 per sq ft, as agreed with BPS, with the average studio at c. £424,000, one bed at c£514,000, two bed flat at c.£685,000 and the three bed flats at c.£879,000. This is akin to general Peckham market as is demonstrated by the evidence below.

Market Commentary

According to the Land Registry House Price Index, the average house price in Southwark is £582,000 (July 2025), which is a fall of 1.4% from the previous year. This is slightly higher than the current London average house price of c£562,000 (July 2025).

For each property type, average prices as of July 2025 in Southwark were:

- Detached properties: £1,707,000
- Semi-detached properties: £1,198,000
- Terraced properties: £823,000
- Flats and maisonettes: £483,000



Micro-Location

Looking at the current asking prices for properties newly listed in a defined micro-location surrounding the subject site, the average house price is £581,316. This value is comparable with the average house price in the Southwark borough for 2025.

Many of the newly listed properties within the defined area that have been analysed and used to inform the average values in this micro-location, comprise newly built or otherwise recently refurbished flats ranging from 1-3 bedrooms in size. This evidences that comparable new build development schemes in the area are already prevalent in this area of Peckham.

Table 1: Asking Prices New Build/refurbished flats in Peckham, October 2025					
Plot	Type	Beds	sq ft	Asking price	£ per sq ft
2 Pix Court, 186 Ryle Land	Flat	1	550	£475,000	£864
Pix Court	Flat	1	552	£450,000	£815
The Pensmith	Flat	1	790	£430,000	£544
Philip Walk	Flat	1	503	£425,000	£845
Woods Road	Flat	1	526	£400,000	£760
Consort Road	Flat	2	789	£450,000	£570
Copeland Road	Flat	1	577	£395,000	£685
The Pensmith	Flat	2	928	£555,000	£598
The Pensmith	Flat	3	947	£625,000	£660
Queens Road	Flat	3	1,307	£675,000	£516
The Penthouse' Pix Court	Flat	2	1,033	£850,000	£823
8 Pix Court, 186 Rye Lane	Flat	3	1,087	£900,000	£828
Copeland Road	Flat	1	573	£395,000	£689
Soloman's Passage	Flat	1	538	£510,000	£948
Soloman's Passage	Flat	2	903	£670,000	£742
Soloman's Passage	Flat	1	540	£495,000	£917
Soloman's Passage	Flat	2	943	£650,000	£689
Soloman's Passage	Flat	3	1,350	£945,000	£700

When widening the search area beyond the micro-location surrounding the site, and more broadly looking at newly listed properties in the SE15 postcode area, the housing stock currently on the market comprises majority traditional Victorian terraced houses and period semi-detached properties, of up to 3 bedrooms. Average asking price for these properties is circa £1,000,000.



Table 2: Asking prices in Peckham, October 2025					
Location	Type	Beds	sq ft	Asking price	Sale
Lyndhurst Way	House	3	1,876	£1,500,000	£800
Blenheim Grove	House	3	1,922	£1,500,000	£780
Chadwick Road	House	3	1,324	£1,300,000	£982
Copleston Road	House	3	1,499	£1,300,000	£867
Borland Road	House	3	1,432	£1,250,000	£873
Surrey Road	House	3	1,710	£1,250,000	£731
Danby Street	House	3	1,464	£1,250,000	£854
Lyndhurst Grove	Flat	2	790	£549,950	£696
Consort Road	House	3	1,349	£890,000	£660
Marmont Road	House	3	1,168	£700,000	£599
Elm Grove	House	2	964	£900,000	£934
Choumert Road	Flat	2	771	£850,000	£1,102
Lyndhurst Way	Flat	2	1,544	£850,000	£551
Peckham Rye	Flat	2	800	£800,000	£1,000
Marsden Road	Flat	2	872	£799,999	£917
Frobisher Place	Flat	2	995	£795,000	£799
Nutbrook Street	House	3	1,534	£1,050,000	£684
Nutbrook Street	Flat	2	827	£800,000	£967
Soames Street	Flat	3	992	£850,000	£857
Bellenhen Road	House	3	1,216	£1,100,000	£905