



## Document Control Sheet

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	Name	Position	Signature	Date
Prepared by	Stuart Cook	Director	SC	17/03/2026
Reviewed by	Stuart Cook	Director	SC	17/03/2026
Approved by	Stuart Cook	Director	SC	17/03/2026

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# 1 Introduction

## 1.1 Purpose & scope

- 1.1.1 This report sets out a robust methodology for calculating payments in lieu of on-site affordable workspace provision, supporting the implementation of Policy ED1 in the London Borough of Hounslow’s emerging Local Plan. It also provides guidance on the business sectors most likely to benefit from affordable workspace interventions, with particular reference to the creative industries and other locally embedded enterprises.
- 1.1.2 To establish a suitable methodology for calculating payments in lieu of on-site affordable workspace provision, we have reviewed existing approaches used across London and assessed their applicability to Hounslow. These methodologies, which are analysed in section 2 of this report, have been tested against the viability inputs and assumptions set out in the Council’s Local Plan Viability Assessment, which underpins the emerging Local Plan.

## 1.2 Policy context

- 1.2.1 The Council submitted its emerging Local Plan 2020–2041 for examination in June 2025. Part H of Policy ED1 (see Figure 1-1) requires specified employment-generating developments to deliver a proportion of affordable workspace. In qualifying proposals, at least 10% of the total employment floorspace must be provided at a rental discount of no less than 45%, unless an alternative mechanism—such as a payment in lieu—is deemed appropriate.

Figure 1-1 Paragraph H of Policy ED1

H. Provide an appropriate quantum/proportion of affordable workspace within new employment developments, to be secured through planning obligations. Specifically, the Council will require the following proposals to provide, subject to scheme viability, at least 10 per cent of the floorspace at a rental discount of at least 45 per cent:

- I. Any proposal for data centres
- II. Any proposal for self storage facilities
- III. Any proposal for development on the following sites (which are being released from the Green Belt for industrial development):
  - Land at Hatton Fields/Site at Faggs Road
  - Central Park Trading Estate
  - Ron Smith Recycling
  - Vacant land off Dick Turpin Way
  - Land south of Western International Market
- IV. Any proposals for mixed-use developments on sites currently in solely employment use (i.e. where the current use class is any mix of use classes B2, B8, E(g)(i), E(g)(ii) and E(g)(iii))
- V. Any employment proposal with a net increase of 1,000sqm or more of floorspace in uses B2, B8, E(g)(i), E(g)(ii) and E(g)(iii)

Source: Hounslow Local Plan 2020 – 2041 Proposed Submission Version (Regulation 19) (July 2024)



1.2.2 Part I of Policy ED1 in the emerging Local Plan (see Figure 1-2) sets out the basis for calculating payments in lieu of on-site affordable workspace provision. The formula requires the equivalent of 10% of the proposed employment floorspace, multiplied by the value of a 45% rental discount applied over a 15-year period.

Figure 1-2 Paragraph I extract of Policy ED1

I. Affordable workspace should be provided on-site in perpetuity as a first preference. Off-site provision (within the borough) in perpetuity will be acceptable where it is demonstrated to the satisfaction of the Council that on-site provision is not feasible or off-site provision will achieve greater economic benefits. Off-site provision will be secured through planning obligations with payments in lieu calculated on the basis of the level of provision (10 per cent of the floorspace) multiplied by the value of a 45 per cent reduction in rent for 15 years. Applicants should demonstrate that any affordable workspace provided would be managed by an appropriate workspace or studio provider and/or supported by an appropriate management scheme. Affordable workspace should be purposely designed to meet the needs of businesses operating within, or linked to, the creative industries (such as third sector organisations), or should be similar in standard and format to the commercial offer. Industrial workspaces are the preferred format of affordable workspace to cater for the creatives industries. Affordable workspace should also be prioritised for existing small and independent businesses occupying the site that are at risk of displacement. Developers should collaborate with the council, local businesses, business associations, relevant public sector stakeholders and workspace providers to identify the businesses that will be nominated for occupying affordable workspace. The redevelopment of existing affordable and open workspace must reprovide the maximum viable quality of such economic floorspace, in perpetuity or for a minimum of 30 years, at equivalent rents (taking into account service charges)

Source: Hounslow Local Plan 2020 – 2041 Proposed Submission Version (Regulation 19) (July 2024)

### 1.3 Viability neutrality principle

1.3.1 In recommending a suitable formula for calculating payments in lieu, we are guided by the principle that the resulting sum broadly equates to the difference in residual land value between two scenarios: (i) no affordable workspace provision, and (ii) provision of 10% of employment floorspace at a 45% rental discount. All formula options have been tested against the Council’s Local Plan Viability Assessment to confirm this position. This ensures that developers are not financially disadvantaged by opting for a payment in lieu rather than on-site delivery, while recognising that the Council does not wish payments in lieu to create a financial incentive for developers to avoid on-site provision.

### 1.4 Viability testing parameters

1.4.1 The Council’s Local Plan Viability Assessment was undertaken by BNP Paribas in June 2024. The study tested Part H of Policy ED1 as an on-site affordable workspace requirement across a range of development scenarios. As detailed in the results in Appendix A, BNP Paribas modelled viability under two core conditions: (i) no affordable workspace provision, and (ii) provision of 10% floorspace at varying rental discounts. These scenarios were tested against different benchmark land values, reflecting a range of existing site uses. Notably, BNP Paribas assumed that affordable workspace would be secured in perpetuity.

## 1.5 Interpretation of viability results

1.5.1 Figure 1-3 presents an extract of the BNP Paribas viability results. For the purposes of this assessment, we focus on the columns showing residual land values under the two key scenarios: with no affordable workspace, and with 10% affordable workspace at a 45% rental discount. These residual values remain consistent across the different benchmark land values tested, as they represent the pre-deduction position — prior to applying the benchmark land value thresholds.

Figure 1-3 Results of viability testing – affordable workspace delivered onsite with BLV secondary industrial

LP Ref	Site	Industrial and logistics (sqm GIA)	Office floorspace (sqm GIA)	Other non-res floorspace (sqm GIA)	No residential units	Site area ha	BLV	Residual land values with affordable workspace									
								Starting residual (no discount)	10% FS, 45% discount	10% FS, 50% discount	10% FS, 55% discount	10% FS, 60% discount	10% FS, 65% discount	10% FS, 70% discount	10% FS, 75% discount	10% FS, 80% discount	
37	West Cross Industrial Estate	55,070	-	1,810	1,800	9.30	£44,454,000	£68,167,968	£64,356,432	£63,932,928	£63,509,424	£63,085,920	£62,662,416	£62,238,912	£61,815,408	£61,391,904	
38	Phoenix Business Park	17,480	-	-	260	1.80	£7,648,000	£21,970,879	£20,411,026	£20,236,980	£20,062,933	£19,888,887	£19,714,840	£19,540,793	£19,366,747	£19,192,699	
39	Kew Bridge District Centre	6,550	6,550	-	750	1.89	£9,034,200	£15,399,485	£13,912,027	£13,747,756	£13,583,485	£13,419,215	£13,254,943	£13,090,673	£12,926,402	£12,762,130	
40	EMC Tower	-	13,230	-	420	1.50	£7,170,000	£14,293,126	£12,307,995	£12,288,434	£11,868,894	£11,649,494	£11,430,094	£11,210,694	£10,991,294	£10,771,894	
41	Lidl Feltham	-	-	2,450	220	0.70	£3,346,000	£8,219,746	£4,666,416	£4,293,746	£4,270,686	£4,247,626	£4,224,566	£4,201,506	£4,178,446	£4,155,386	
42	Land at Hatton Fields	63,450	-	-	-	56.40	£289,592,000	£51,984,583	£45,873,632	£45,287,968	£44,702,304	£44,116,640	£43,530,976	£42,945,312	£42,359,648	£41,773,984	
43	MOD Feltham	-	4,340	-	1,370	14.10	£67,398,000	£20,681,676	£20,145,064	£20,086,441	£20,027,817	£19,969,193	£19,910,569	£19,851,945	£19,793,321	£19,734,697	
44	Leisure West	-	480	15,060	310	4.50	£21,510,000	£719,583	£228,068	£173,503	£118,937	£64,371	£9,804	£43,200	£100,536	£168,872	
45	Land south of West International	34,760	-	-	-	14.40	£68,832,000	£30,919,528	£25,096,491	£24,731,869	£24,367,247	£24,002,624	£23,637,999	£23,273,374	£22,908,749	£22,544,124	
46	34 Staines Road	-	-	1,240	120	0.50	£2,390,000	£2,522,298	£2,387,795	£2,299,528	£2,233,261	£2,166,994	£2,100,727	£2,034,460	£1,968,193	£1,901,926	
47	Hounslow Bus Garage	-	1,610	12,310	320	1.10	£5,250,000	£24,449,963	£24,080,363	£24,186,897	£24,293,431	£24,399,965	£24,506,499	£24,613,033	£24,719,567	£24,826,101	
48	Sansbury Chiswick	-	-	5,300	300	1.80	£8,604,000	£16,595,458	£15,923,076	£15,347,964	£15,772,849	£15,697,734	£15,622,618	£15,547,503	£15,472,387	£15,397,271	

Source: BNP Paribas (June 2024)

1.5.2 Through the Local Plan examination process, third parties have raised concerns regarding the viability of the affordable workspace policy based on the BNP Paribas assessment. These concerns have been addressed in the response note provided by Quintic (the former BNP Paribas team who prepared the Council’s viability evidence base) in Appendix B, with Quintic further explaining to us that Policy SC2 of the Hounslow Local Plan 2020–2041 Proposed Submission Version (Regulation 19) (July 2024) permits affordable housing provision to be ‘flexed’ in a manner consistent with the example of the Kew Bridge District Centre.”

1.5.3 In addition, the Council has explained that for the scenarios of Land at Hatton Fields and Land South of Western International, where there is no residential element, viability is likely to be greater than that reported in the BNP Paribas assessment because:

- Land at Hatton Fields – site area is 56.4 hectares (note this is modified to 55.3 hectares in the Schedule of Suggested Modifications). However, the part of the site owned by the developer that is proposed for release from the Green Belt for industrial development is 17.25 hectares. The remaining larger part of the site is largely Council-owned land and is not proposed to be released from the Green Belt – it would largely be a community nature zone. Therefore, the Council suggests that a more likely site area would be 17.25 hectares, which will generate a site coverage of just over 35% compared to the 11.25% assumed in the BNP assessment; such an approach would improve the overall development viability.
- For Land South of Western International – this is an LB Hounslow-owned site. The Council explain that it is intended to include a fairly low-intensity waste management use as part of the future proposal. The final site area is 12.8 hectares (smaller than assumed in the BNP assessment), and it is subject to minerals extraction (it’s an allocated minerals site) which has to take place first. Therefore, any proposed industrial/warehouse development would come forward on a smaller site than assumed in the BNP assessment, which will improve viability, and it is owned by a public sector landowner.



**1.6 Scenario selection**

- 1.6.1 The Council has confirmed that certain scenarios tested in the viability evidence—specifically Sainsbury’s Chiswick, Lidl Feltham, and 34 Staines Road—should be excluded from this assessment, as they relate to retail-led schemes and therefore fall outside the scope of Policy ED1, which applies to employment-generating development.
- 1.6.2 Accordingly, our analysis focuses on six scenarios that reflect a range of locations across the Borough and cover industrial/warehouse and office uses, these are: West Cross Industrial Estate, Phoenix Business Park, Kew Bridge District Centre, EMC Tower, Mod Feltham and Land south of West International.

**1.7 Rent & yield assumptions**

- 1.7.1 BNP Paribas applied the commercial rent and yield assumptions shown in Figure 1-4 as part of their viability testing. These same inputs have been adopted in our assessment of alternative payment in lieu formulas.

Figure 1-4 Local Plan viability testing commercial rents & yields

Commercial floorspace	Rent per square foot	Rent per square metre	Investment yield	Rent free period (months)
Retail	£39	£416	7.00%	12
Supermarkets	£27	£290	5.00%	6
Offices	£46	£495	6.50%	12
Industrial and warehousing	£20	£212	5.00%	12

Source: BNP Paribas (June 2024)

**1.8 Report structure**

- 1.8.1 This report is structured as follows:

- Chapter 2 – Review of different affordable workspace formulas**      Reviews the approaches adopted by other London planning authorities to calculate payments in lieu of affordable workspace provision.
- Chapter 3 – Types of businesses, sectors, locations (need) & delivery mechanisms (use of payments in lieu)**      Sets out the types of business and sectors that could benefit from the affordable workspace, along with where the Council anticipates the space will be delivered, and how payments in lieu may be used to support delivery.
- Chapter 4 – Conclusion & recommendation**      Summarises the findings and provides a recommended formula for calculating payments in lieu, alongside commentary on the likely beneficiaries of affordable workspace provision.

## **1.9 Limitations of report**

- 1.9.1 This report and the accompanying appraisals are documents in relation to Local Plan viability testing. As per Valuation Standards 1 of the RICS Valuation Standards - Global and UK Edition the advice expressly given in the preparation for, or during negotiations or possible litigation does not form part of a formal “Red Book” valuation and should not be relied upon as such.

## 2 Review of different affordable workspace formulas

### 2.1 Introduction

2.1.1 Our assessment of affordable workspace formulas has focused on five local planning authorities: four London boroughs and the Old Oak and Park Royal Development Corporation (OPDC). In addition, we reviewed policies in other boroughs—such as Wandsworth—which, while containing affordable workspace provisions, do not include a defined formula for calculating payments in lieu. Based on the available evidence, we consider our review of the five selected authorities to be sufficiently robust for the purposes of this assessment.

### 2.2 London Borough of Lewisham

2.2.1 The London Borough of Lewisham’s draft Local Plan includes an affordable workspace policy (Policy EC4). As shown in Figure 2-1, Paragraph D of the draft policy sets out a requirement for 10% of employment floorspace to be provided as affordable workspace at a rental discount of 50% against market rates. The draft Local Plan has undergone public examination and Main Modifications. The Council is now considering the Inspectors’ recommendations in relation to those modifications.<sup>1</sup>

Figure 2-1 Draft Policy EC4 Affordable workspace - Paragraph D

D New major commercial development proposals for Class E(g) office and light industrial, Class B2 industrial, Class B8 storage and distribution and similar Sui Generis uses ~~must~~ should when demonstrably viable make provision for affordable workspace. Developments must provide at least 10per cent of the rentable floorspace (Net Internal Area) as affordable workspace at 50 per cent of market rents. Affordable workspace should be provided on-site. An exception to this approach will be where proposals demonstrate, through robust technical evidence, that the provision of new on-site affordable workspace will harm the delivery of industrial employment intensification. Off-site provision will only be acceptable where it is demonstrated to the satisfaction of the Council that on-site provision is not feasible or off-site provision will achieve greater economic benefits. Off-site provision will be secured through planning obligations with payments in lieu calculated using the formula set out in Table 8.2 (Affordable workspace payments in lieu). Payment in lieu contributions will be used to support the provision of affordable workspace in Lewisham. Further details will be set out in the Planning Obligations SPD.

Source: London Borough of Lewisham draft Local Plan Main Modifications (N.s)

<sup>1</sup> <https://lewisham.gov.uk/myserVICES/planning/policy/planning/inspectors-report-to-lewisham-council-june-2025>

## Affordable workspace calculator

2.2.2 Draft Policy EC4 (see Figure 2-2) also sets out the basis for calculating payments in lieu. The formula is derived from the capital value of the rental discount. The supporting text explains that:

*‘The market rent is the expected rent that would be achieved on the discounted space at market rates. Market rates (and therefore rents) should be established on the basis of robust evidence of the commercial market in Lewisham.’*

2.2.3 However, the draft policy does not specify how the investment yield should be determined—an omission that is notable given the yield is a critical input in calculating capital value. The absence of guidance on this point may affect consistency and transparency in applying the formula.

Figure 2-2 Draft Policy EC4 Affordable workspace - Table 8:2

Formula for calculating payments in lieu	
Step 1:	$C = A \times B$
Step 2:	$E = D \times C$
Step 3:	$G = E \times F$
Step 4:	$H = G - E$
Step 5:	$J = 1 / I$
Step 6:	$K = H \times J$
A = Total lettable employment floorspace (square metres) B = Percentage of floorspace to be discounted C = Amount of floorspace subject to discount D = Market rent per square metre before discount E = Market rent for discounted floorspace before discount F = Percentage discount G = Rent after discount H = Value of discount I = Investment Yield J = Income Multiplier K = Capital value of discount	

Source: London Borough of Lewisham draft Local Plan Main Modifications (N.s)

## Results of London Borough of Lewisham calculation

2.2.4 As shown in Figure 2-3, the results generated by the Lewisham calculator significantly overstate the cost of affordable workspace provision compared to the equivalent on-site delivery. This discrepancy suggests that the capitalised payment in lieu figure exceeds the actual financial impact of delivering discounted workspace within a development, raising questions about the soundness of the formula.

Figure 2-3 Results of London Borough of Lewisham calculation

Step 6 Capital value of discount	Ind	Office	Total affordable workspace commuted sum	Difference between RLV and 10% FS, 45% discount	Difference between onsite and commuted sum
West Cross Ind. Est.	£13,040,908	£0	£13,040,908	£3,811,536	£9,229,372
Phoenix Business Park	£4,139,369	£0	£4,139,369	£1,559,853	£2,579,516
Kew Bridge District Centre	£1,551,079	£2,743,442	£4,294,522	£1,478,438	£2,816,084
EMC Tower	£0	£5,541,335	£5,541,335	£1,975,233	£3,566,102
MOD Feltham	£0	£1,817,792	£1,817,792	£536,614	£1,281,178
Land south of West International	£8,231,377	£0	£8,231,377	£3,282,045	£4,949,332

Source: Urbà (November 2025)

## 2.3 London Borough of Southwark

- 2.3.1 The London Borough of Southwark's Local Plan (adopted 23 February 2022) includes an affordable workspace policy (Policy P31). As shown in the extract in Figure 2-4, Point 2 of the policy requires that 10% of gross employment floorspace be provided as affordable workspace, at a discount to market rents, secured for a period of 30 years.
- 2.3.2 Point 3 of the policy states that any payment in lieu must be calculated using the Council's Affordable Workspace Calculator.

Figure 2-4 Extract of P31 affordable workspace

<p>2. Developments proposing 500sqm GIA or more employment floorspace must:</p> <ol style="list-style-type: none"><li>1. Deliver at least 10% of the proposed gross employment floorspace as affordable workspace on site at discount market rents; and</li><li>2. Secure the affordable workspace for at least 30 years;</li><li>3. Provide affordable workspace of a type and specification that meets current local demand; and</li><li>4. Prioritise affordable workspace for existing small and independent businesses occupying the site that are at risk of displacement. Where this is not feasible, affordable workspace must be targeted for small and independent businesses from the local area with an identified need; and</li><li>5. Collaborate with the council, local businesses, business associations relevant public sector stakeholders and workspace providers to identify the businesses that will be nominated for occupying affordable workspace.</li></ol> <p>3. If it is not feasible to provide affordable workspace on site, an in lieu payment will be required for off site affordable workspace. This will be calculated using the Affordable Workspace Calculator.</p>
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Source: London Borough of Southwark Local Plan (23 February 2022)

### Affordable workspace calculator

- 2.3.3 Published separately, the London Borough of Southwark provides an Affordable Workspace Calculator (see Figure 2-5). Unlike other boroughs reviewed, Southwark's calculator is presented in MS Excel format, allowing for straightforward interpretation by applicants and Council officers.
- 2.3.4 Southwark's methodology calculates the capital value of the affordable workspace as if it were delivered on-site, rather than the value difference used in the Lewisham approach.
- 2.3.5 The Southwark calculator is particularly useful in that it explicitly identifies the source of the investment-yield assumption. However, it does not provide guidance on how market rents should be determined, which is an important omission given their central role in the calculation.
- 2.3.6 A further inconsistency arises in the treatment of the investment yield. While Policy P31 specifies a 30-year secured period, the calculator capitalises the rental stream in perpetuity, effectively assuming the affordable workspace generates income indefinitely. The 1% uplift applied to the yield for affordable workspace may partially offset this discrepancy, but it does not fully reconcile the difference between a fixed-term and perpetual valuation.

Figure 2-5 Southwark affordable workspace calculation

	Definition	Information required for worked example
A	Total lettable employment floorspace in development (sq ft)	
B	Percentage of floorspace floorspace to be Affordable Workspace	
C	<b>Amount of floorspace to be Affordable Workspace</b>	<b>C = A x B</b>
D	Market rent (£ per sq ft)	
E	<b>Rent for Affordable Workspace at full market value</b>	<b>E = C x D</b>
F	Market Investment yield, sourced from investment agents	
G	<b>Income multiplier for market investment yield</b>	<b>G = 1 ÷ F</b>
H	<b>Capital value of Affordable Workspace at full market value</b>	<b>H = E x G</b>
I	Discount to market rent for Affordable Workspace (%)	
J	<b>Rent for Affordable Workspace at discounted rent</b>	<b>J = E x (1 - I)</b>
K	Affordable Workspace investment yield (market investment yield + 1%)	<b>1.00%</b>
L	<b>Income multiplier of Affordable Workspace investment yield</b>	<b>L = 1 ÷ K</b>
M	<b>Capital value of Affordable Workspace</b>	<b>M = J x L</b>
O	<b>Cost to scheme of delivering Affordable Workspace</b>	<b>O = H - M</b>
P	<b>Affordable Workspace Payment £ per sq ft</b>	<b>P = O ÷ C</b>
Q	<b>Affordable Workspace Payment £ per sq m</b>	<b>Q = P x 10.764</b>
<b>2. Workings from inputs above - green cell shows AW PIL calculation</b>		
<b>Step 1:</b>	Calculate C - the amount of floorspace to be Affordable Workspace	-
<b>Step 2:</b>	Calculate E - the rent for Affordable Workspace at full market value	£0
<b>Step 3:</b>	Calculate G - the income multiplier for market investment yield	#DIV/0!
<b>Step 4:</b>	Calculate H - the Capital value of Affordable Workspace floorarea when provided at full market value	#DIV/0!
<b>Step 5:</b>	Calculate J - the rent for the Affordable Workspace at discounted rent	£0
<b>Step 6:</b>	Calculate L - the income multiplier of Affordable Workspace investment yield	100.00
<b>Step 7:</b>	Calculate M - the capital value of Affordable Workspace	£0
<b>Step 8:</b>	Calculate O - the Cost to the scheme of delivering Affordable Workspace (by sqft)	#DIV/0!
<b>Step 9:</b>	Calculate P - the Affordable Workspace Payment in £ per sq ft	#DIV/0!
<b>Step 10:</b>	Calculate Q - the Affordable Workspace Payment in £ per sq m	#DIV/0!

Source: London Borough of Southwark (N.s)

## Results of London Borough of Southwark calculation

2.3.7 As shown in in Figure 2-6, the results generated by the Southwark Affordable Workspace Calculator significantly overstate the cost of affordable workspace provision compared to equivalent on-site delivery. This inflation appears, in part, to stem from the capitalisation of rental income in perpetuity rather than over the 30-year term specified in Policy P31. While the 1% uplift in the investment yield may partially mitigate this effect, it does not fully reconcile the difference, resulting in a payment-in-lieu figure that generally exceeds the likely cost of direct provision.

Figure 2-6 Results of London Borough of Southwark calculation

	Total affordable workspace commuted sum	Difference between RLV and 10% FS, 45% discount	Difference between onsite and commuted sum
West Cross Ind. Est.	£12,843,318	£3,811,536	£9,031,782
Phoenix Business Park	£4,076,652	£1,559,853	£2,516,799
Kew Bridge District Centre	£4,138,743	£1,478,438	£2,660,305
EMC Tower	£5,274,154	£1,975,233	£3,298,921
MOD Feltham	£160,736	£536,614	<b>£-375,878</b>
Land south of West International	£8,106,659	£3,282,045	£4,824,614

Source: Urbà (November 2025)

## 2.4 London Borough of Hammersmith & Fulham

- 2.4.1 The London Borough of Hammersmith & Fulham (H&F) includes an employment policy (Policy E1) within its Local Plan, adopted in February 2018. As shown in Figure 2-7, H&F does not specify a fixed percentage of affordable workspace or a defined rental discount that developments must provide. Instead, contributions are determined on a case-by-case basis, informed by site-specific circumstances, viability considerations, and negotiation through the planning process.

Figure 2-7 Extract of Policy E1 providing for a range of employment uses

**The council will support proposals including mixed use schemes for new employment uses, especially those that recognise the existing strengths in the borough in creative industries, health services, bio-medical and other research based industries, such as those at Imperial College in Shepherd's Bush.**

**The council will also support the retention, enhancement, and intensification of existing employment uses. It will require flexible and affordable space suitable for small and medium enterprises in large new business developments, unless justified by the type and nature of the proposal and subject to viability. When considering new employment floorspace or the extension of existing floorspace the council will also take into account:**

- whether the scale and nature of the development is appropriate, having regard in particular to local impact, the nature of the surrounding area, and public transport accessibility;
- impact upon small and medium sized businesses that support the local community;
- scale and nature of employment opportunities generated in the new development;
- whether there will be displacement of other uses such as community facilities or housing; and
- the Hammersmith and Fulham Economic Growth Plan and the council economic strategies.

The borough's three town centres and the White City and Earl's Court and West Kensington Opportunity Areas will be the preferred locations for new office development above 2,500m<sup>2</sup>. Proposals outside of these areas for large new office development (above 2,500m<sup>2</sup>) will generally be discouraged unless it can be demonstrated that provision cannot be provided within the town centres or the White City and Earl's Court and West Kensington Opportunity Areas.

Source: London Borough of London Borough of Hammersmith & Fulham (February 2018)

### Affordable workspace SPD & calculator

- 2.4.2 Hammersmith & Fulham published its Affordable Workspace Supplementary Planning Document (SPD) in October 2022, which includes a six-step calculation for determining payments in lieu (see Figure 2-8). The calculator adopts a similar approach to Southwark's, calculating the capital value of the affordable workspace as if it were delivered on-site.



2.4.3 This methodology provides a structured and transparent basis for determining contributions, although—as with Southwark—it assumes the rent is capitalised in perpetuity rather than a fixed-term. The SPD sets out the calculation steps clearly, aiding interpretation by applicants and officers.

Figure 2-8 Payment in lieu calculation

**Step 1:  $C=AxB$ ; Step 2:  $E=DxC$ ; Step 3:  $G=ExF$ ; Step 4:  $H=G-E$ ; Step 5:  $J=(1/I)$ ; Step 6:  $K=HxJ$ .**

The letters refer to:

- A Total lettable employment floorspace (sq m)
- B Percentage of floorspace to be discounted
- C Amount of floorspace subject to discount
- D Market rent per sqm before discount
- E Market rent for discounted floorspace before discount
- F Percentage discount
- G Rent after discount H Value of discount
- I Investment yield J Income multiplier
- K Capital value of discount

Source: London Borough of H&F Affordable Workspace SPD (2022)

2.4.4 The SPD provides guidance on how market rents should be determined (see Figure 2-9). However, it does not define the investment yield to be applied in the payment in lieu calculation. As a result, it remains unclear whether an adjustment to the yield can be made to reflect the affordable nature of the workspace, as is explicitly allowed in the Southwark formula. This omission may affect consistency in valuation and the proportionality of contributions.

Figure 2-9 Determining market rents

8.2.4. The definition of 'Normal' market rent to apply the discount will be agreed with the council to take into account site-specific circumstances. The council's evidence recommends that an allowance should be made for 'normal' rents to shift and change over time depending on market conditions. Any increases should be limited by inflation to ensure space continues to remain as affordable as possible. The council should be informed of any changes to rents and may need to charge a monitoring fee to cover the costs associated with this.

Source: London Borough of H&F Affordable Workspace SPD (2022)

**Results of London Borough of Hammersmith & Fulham calculation**

2.4.5 The results generated by the H&F Affordable Workspace Calculator are the same as those produced by the Lewisham formula (see Figure 2-3). This is because both authorities apply an identical methodology, calculating the capital value of the discounted rental stream without adjusting for term length or yield definition. As with Lewisham, this approach significantly inflates the payment in lieu figure relative to the likely cost of delivering affordable workspace on-site.



## 2.5 London Borough of Brent

2.5.1 The London Borough of Brent includes an affordable workspace policy (Policy BE1) within its Local Plan, which was adopted in February 2022. As shown in the policy extract in Figure 2-6, the Council seeks, in designated locations, the provision of 10% of employment floorspace as affordable workspace. The supporting text clarifies that this space should be provided at no more than 50% of the comparable local market rent, for a minimum period of 15 years.

Figure 2-10 Extract of Policy BE1

**POLICY BE1 ECONOMIC GROWTH AND EMPLOYMENT OPPORTUNITIES FOR ALL**

The Granville multi-purpose workspace and community space in South Kilburn Growth Area will be protected and opportunities to provide additional affordable workspace will be sought. In Alperton, Burnt Oak Colindale, Church End, Neasden, Staples Corner and Wembley Growth Areas a minimum of 10% of employment floorspace within major developments exceeding 3000 sq.m. of employment floorspace is to be affordable research and development, light industrial and studio workspace which will be protected by condition and / or legal agreement, where appropriate to do so.

Further and higher educational provision at Northwick Park and Wembley will be protected and enhanced.

An Employment, Apprenticeship and Training Plan will be required for all developments of 5,000sq.m or more or sites capable of providing 50 or more residential units, to be prepared in partnership with Brent Works or any successor body.

The council will work with its partners and require developments to support improvements to Wi-Fi and move towards 5G across the borough.

New affordable workspace should normally be provided on-site for the lifetime of the development and managed by an approved provider. Only in exceptional circumstances where it can be demonstrated robustly that this is not appropriate, may it be provided off-site. A financial contribution in lieu of on-site provision will only be accepted where this would have demonstrable benefits in furthering affordable workspace in the borough.

Source: London Borough of Brent Local Plan (February 2022)



**Affordable workspace SPD & calculator**

- 2.5.2 The London Borough of Brent published its Affordable Workspace SPD in June 2022, which sets out the formula for calculating the affordable workspace commuted sum (see Figure 2-11).
- 2.5.3 However, the formula lacks clarity on whether the reference to “50% of market rent” represents the discount applied to market rent or the affordable rent that would have been paid by the tenant had the space been delivered on-site. Additionally, the calculation does not incorporate any allowance for the 15-year term specified in the policy, which may result in an inflated payment in lieu figure if capitalised over a longer or indefinite period

Figure 2-11 Affordable workspace calculation

<p><b><i>[50% of market rent/sqft/annum * floor area (GIA) of proposed Affordable Workspace as per policies BE1 - 4 (sf)] * [1 / yield]</i></b></p> <p>For example: (£12.50 [50% of £25/sqft] * 5,000 sqft) / 0.06 [i.e. 6%] = £1,041,667</p>
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Source: London Borough of Brent SPD (June 2022)

**Results of London Borough of Brent calculation**

- 2.5.4 If Brent’s formula applies the percentage discount to the market rent—i.e. calculates the capital value of the discount—then the results are the same as those produced by the London Borough of Lewisham. However, if the formula assumes the affordable rent that would have been paid by the tenant had the space been delivered on-site, then the results align with those of the London Borough of Southwark. The distinction is critical, as it materially affects the scale of the payment in lieu, but either way as we have demonstrated above both approaches overstate the payment in lieu figure relative to the likely cost of delivering affordable workspace on-site.



**2.6 OPDC**

2.6.1 As shown in Figure 2-2, the OPDC Local Plan sets out its affordable workspace policy, with a requirement ranging from 5% to 10% of employment floorspace, depending on the proposed use. The policy specifies that this space should be provided at a rental discount of 80% from market rent, secured for a minimum period of 15 years.

Figure 2-12 Policy OB7D: Provision of affordable workspace

<b>OB7D: Provision of affordable workspace</b>	
<p>a. The following targets will be used as the starting point for on-site delivery of affordable workspace.</p> <p>b. 5% of all (net) office floorspace should be delivered as onsite affordable workspace, where this would generate at least 2,000sqm of affordable space.</p> <p>c. 5% of all (net) industrial floorspace should be delivered as onsite affordable workspace, where this would generate at least 3,000sqm of affordable space.</p> <p>d. 10% of all (gross) commercial floorspace in mixed use development should be delivered as on site affordable workspace where this would generate at least 1,000sqm of affordable space.</p> <p>e. A lower quantum of floorspace (below this thresholds) may be considered appropriate for on site provision if it can be demonstrated that this would meet needs. Vice-versa, an in lieu contribution may be more appropriate for certain schemes above the thresholds. This would be considered on a case-by-case basis.</p> <p>f. The onsite provision should be offered at 80% discount for a minimum of 15 years, or represent an equivalent value to what is calculated in line with OB7E and must be operated by an Affordable Workspace Operator.</p> <p>g. The submission of an Affordable Management Strategy (AMS) for onsite provision will be required as part of the planning application process. This must provide evidence to demonstrate:</p> <ul style="list-style-type: none"> <li>i. that the affordable workspace has clearly been designed and will be managed and delivered in a way that meets the needs of Affordable Workspace Operators and the target end user</li> <li>ii. that Affordable Workspace Operator viability has been considered via a high-level business plan which shows:                             <ul style="list-style-type: none"> <li>» indicative end user rents and landlord rent to operator range;</li> <li>» how the proposed operating model would minimise the overall costs (including service charge; and fit out costs) to Affordable Workspace Operators;</li> <li>» rents to be confirmed as part of Affordable Workspace Management Plan.</li> </ul> </li> </ul>	
<p>An Affordable Workspace Management Plan (WMP) will be secured through a Section 106 agreement.</p>	
<b>Required from:</b>	<b>Policy Links</b>
<ul style="list-style-type: none"> <li>» All development proposals with non-residential floorspace</li> </ul>	<ul style="list-style-type: none"> <li>» Local Plan: E3</li> <li>» London Plan: E3</li> </ul>

Source: OPDC Local Plan (June 2022)

**Revised planning obligations SPD & calculator**

2.6.2 The OPDC issued a Revised Planning Obligations SPD in September 2025 [adopted 25 September 2025], simultaneously withdrawing its earlier April 2024 version. The revised SPD sets out the methodology for calculating payments in lieu of affordable workspace provision (see Figure 2-13).

2.6.3 The formula aligns with policy by applying a fixed 15-year term, in contrast to Lewisham's draft approach which capitalises the difference in rental value in perpetuity. OPDC's method calculates the rental discount over the 15-year period and applies a 40% discount factor.

2.6.4 As explained in the OPDC Affordable Workspace Study – Addendum, this discount is intended to bring the contribution closer to a valuation-based approach, accounting for developer costs associated with income and yield assumptions. Because OPDC does not capitalise the rental stream using a yield, the discount factor adjusts the gross rental calculation to reflect the time value of money—an adjustment that would otherwise be embedded within a yield-based valuation.

Figure 2-13 Payment in lieu calculation

Value of Affordable Workspace discount	Unit	Step calculation	Notes
Total floorspace	NIA (sq. ft)	(1)	Gross floorspace for mixed use schemes. Net uplift in floorspace for office and industrial schemes.
Proportion of floorspace which should be affordable	(%)	(2)	Office: 5% Industrial: 5% Mixed use: 10%
Total affordable floorspace	NIA (sq. ft)	(3) = (1)*(2)	
Market rent	£ per sq.ft	(4)	Market rent that would have been achieved for the discounted space. The applicant should include evidence.
Length of Affordable Workspace term	years	(5)	15
Affordable discount	(%)	(6)	Office: 80% Industrial: 80% Mixed use: 80%
SPD calculation discount factor	(%)	(7)	40%
Affordable Workspace value	£m	(8) = [(3)*(4)*(5)*(6)]*[1-(7)]	

Source: Planning Obligations SPD (September 2025)

## Results of OPDC calculation

- 2.6.5 As shown in Figure 2-14, the OPDC calculation provides a more realistic estimate of the cost of affordable workspace, had it been delivered on-site. Unlike other boroughs that assume the discounted rent continues in perpetuity, OPDC’s formula is based on a 15-year term, which matches the policy. It also applies a 40% adjustment to reflect developer costs and the fact that money received in the future is worth less than money received today. This makes the final figure more balanced, better aligned with how viability is assessed in practice, and helps meet the viability-neutrality principle in Chapter 1.

Figure 2-14 Results of OPDC calculation

Step 8 Affordable Workspace	Ind	Office	Total affordable workspace commuted sum	Difference between RLV and 10% FS, 45% discount	Difference between onsite and commuted sum
West Cross Ind. Est.	£4,801,425	£0	£4,801,425	£3,811,536	£989,889
Phoenix Business Park	£1,524,040	£0	£1,524,040	£1,559,853	£35,813
Kew Bridge District Centre	£571,079	£1,313,111	£1,884,190	£1,478,438	-£405,752
EMC Tower	£0	£2,652,284	£2,652,284	£1,975,233	-£677,051
MOD Feltham	£0	£870,062	£870,062	£536,614	-£333,448
Land south of West International	£3,030,643	£0	£3,030,643	£3,282,045	£251,402

Source: Urbà (November 2025)

## 2.7 Conclusion

- 2.7.1 Based on the above assessment, the OPDC calculation appears to be the most appropriate for the Council to use because the results are more realistic, policy-aligned, and better reflect how viability is assessed in practice. But it can be improved by capitalising the rental income over a 15-year term at an appropriate discount rate (yield) to add a further layer of robustness.

## **3 Types of businesses, sectors, locations (need) & delivery mechanisms (use of payments in lieu)**

### **3.1 Introduction**

3.1.1 As highlighted in Policy E3 of the London Plan, affordable workspace (in the B Use Class) at rents maintained below the market rate, is for a specific social, cultural or economic development purpose such as:

- for specific sectors that have social value such as charities, voluntary and community organisations or social enterprises.
- for specific sectors that have cultural value such as creative and artists' workspace, rehearsal and performance space and makerspace.
- for disadvantaged groups starting up in any sector.
- supporting educational outcomes through connections to schools, colleges or higher education.
- supporting start-up and early stage businesses or regeneration.

3.1.2 This chapter outlines the key categories and their relevance to Hounslow, where the Council anticipates the space will be delivered, and the delivery mechanisms including the use of payments in lieu.

### **3.2 Types of business & sectors**

#### **Social value sector & disadvantaged groups**

3.2.1 The London Borough of Hounslow's Thriving Communities Strategy 2024–2028 is the Council's commitment to continue to support communities, civil society and local voluntary sector. The strategy acknowledges the negative social and economic impacts following the pandemic, which places pressure on residents and on groups. It also helps the Council address these challenges and deliver the commitments and ambitions set out in the Corporate Plan and the Equality, Diversity and Inclusion Strategy: A Fairer, More Equal Hounslow. These priorities align closely with the aims of the affordable workspace policy, particularly in relation to the voluntary, community, and social enterprise (VCSE) sector.

3.2.2 The strategy recognises the role of VCSE organisations in delivering frontline services, engaging residents, and tackling disadvantage. Many of these organisations face barriers to securing suitable premises. Affordable workspace provision can help address this challenge by offering good quality accommodation at lower rents to charities, social enterprises, and community-led initiatives and enable them to remain embedded in the communities they serve.

## Creative sectors

- 3.2.3 Objective Two of the emerging Local Plan focuses on promoting economic growth and inward investment. Clause E specifically commits to *‘fostering an environment where existing, new, innovative, cultural and creative enterprises can prosper,’* with reference to the Great West Corridor’s designation as part of the Creative Enterprise Zone.
- 3.2.4 Affordable workspace provision will support this objective, by providing premises to cultural and creative enterprises—many of which operate on tight margins and require flexible, low-cost premises. As a result, the Council can help retain talent, encourage innovation, and strengthen the Borough’s identity as a hub for creative industries.

## 3.3 Locations (need)

- 3.3.1 As identified in Appendix 1 of the Rapleys Employment Land Review Update, July 2024, affordable workspace needs in Hounslow are shaped by the spatial distribution of growth, regeneration, and redevelopment across the Borough. In particular, the Council has identified need in:

### Great West Corridor Opportunity Area

- 3.3.2 Policy P1 of the emerging Local Plan sets out a comprehensive strategy for the regeneration and economic development of the Great West Corridor Opportunity Area. The policy explicitly supports the delivery of a range of high-quality workspaces—including a proportion of affordable workspace for start-ups, small and medium enterprises (SMEs), and creative industries.
- 3.3.3 The policy’s emphasis on flexible, modern, and adaptable employment floorspace directly supports the aims of affordable workspace provision. It recognises the need for incubator and grow-on space for creative and digital sectors, alongside co-working and start-up units suitable for microbusinesses and freelancers.
- 3.3.4 Affordable workspace delivery within the Great West Corridor can help realise the potential of the Creative Enterprise Zone by anchoring creative businesses locally, supporting clustering, and ensuring that development contributes to inclusive economic growth.

### Feltham

- 3.3.5 In December 2025, the Council approved the Future Feltham Investment Framework (FFIF), which sets out the vision and delivery approach for Feltham Crossroad, a significant regeneration area in West London. The FFIF seeks to unlock inclusive growth for local communities and is supported by a masterplan and Vision Document.
- 3.3.6 Page 10 of the Vision Document sets out three priority sectors for the FFIF:
- Food production and catering – building on Heathrow catering supply chains, local SME strengths and the role of food as a place-shaping tool
  - Film & TV post-production and creative tech – leveraging Hounslow’s Creative Enterprise Zone, high employment base and national growth in digital media

- Logistics and green supply chain innovation – linked to Heathrow’s logistics market and the Borough’s industrial land designation

3.3.7 Page 10 of the Vision Document explains that *‘the opportunity is not simply to expand these sectors — but to localise them, giving Feltham a central role in shaping their future while delivering lasting benefit to its residents.’*

3.3.8 At the centre of the masterplan is the redevelopment of the Ministry of Defence (MOD) site at Elmwood Avenue. The site is surplus to requirements, with vacant possession expected in Spring 2028. The MOD site has been identified for, among other uses, approximately 4,300 sq m of workspace and meanwhile uses such as a food hub and creative tech incubator.

### 3.4 Delivery method

3.4.1 Although the Council has not historically collected affordable workspace commuted sums, the introduction of Policy ED1 will require a clear and transparent approach for managing payments in lieu. To support effective delivery, any contributions secured should be ring-fenced for the creation, fit-out or subsidy of affordable workspace in locations where need has been identified, such as Great West Corridor Opportunity Area and Feltham (through the FFIF).

3.4.2 Payments in lieu could be used to support a range of delivery routes, including Council-led provision, partnerships with workspace operators, refurbishment of existing buildings, or meanwhile use projects.

## 4 Conclusion & recommendation

### 4.1 Conclusion

- 4.1.1 The analysis demonstrates a clear need for affordable workspace in Hounslow, driven by the spatial distribution of growth and redevelopment, most notably the Creative Enterprise Zone focus on the Great West Corridor, and the identified need for a food hub and creative tech incubator in Feltham.
- 4.1.2 The Council will collect and ring-fence affordable workspace payments in lieu and direct funding to priority locations and sectors. Contributions may support the creation, fit-out or subsidy of suitable premises and can enable targeted delivery routes (Council-led schemes, operator partnerships, refurbishment and meanwhile use).
- 4.1.3 Although many local planning authorities follow a broadly similar approach to calculating payments in lieu—typically based on the capital value of discounted rent—several formulas tend to overstate the contribution compared to the actual cost of delivering affordable workspace on-site. This is often due to assumptions like perpetual income streams or missing guidance on key inputs such as investment yield or market rent. OPDC stands out for aligning its calculation with the policy term and applying an adjustment to achieve viability neutrality so that developers are not financially disadvantaged by opting for a payment in lieu rather than on-site delivery.

### 4.2 Recommendation

- 4.2.1 We recommend that the Council adopt the MS Excel-based calculator set out in Figure 4-1 as the preferred method for calculating affordable workspace payments in lieu. This model closely follows the approach used by OPDC but improves on it by capitalising the rental income over a 15-year term —ensuring alignment with the emerging policy position at an appropriate market yield, to allow for the time value of money. It also includes explanatory text to clarify the source of key inputs such as market rent and investment yield, supporting greater transparency and consistency in application.
- 4.2.2 It is envisaged just the yellow highlighted cells would be changed to reflect the site specific assessment, with the following key inputs:
- Total lettable floor space – taken from the actual development proposal. [yellow cell]
  - Percentage of floorspace to be affordable workspace – 10% in line with emerging Policy OB7D: Provision of affordable workspace.
  - Market rent (£ per sqm) – this is to be determined by market comparables of new build rents ,based on similar size and specification of space. [yellow cell]
  - Affordable rent (£ per sqm) – automatically discounted by 45% in line with emerging Policy OB7D: Provision of affordable workspace.

- Market Investment yield – this is to be determined by market comparables of new build units (not affordable workspace but general market space), based on similar size and specification of space. The market investment yield is to be net of tenant incentives and void periods. [yellow cell]
- Affordable adjustment – automatically fixed at 40% percentage, which is a final adjustment made to the formula to reflect the cost difference in delivery onsite which is not reflected in the reduction in capital value <sup>2</sup> - this percentage is the most appropriate to use, to meet viability neutrality between onsite and offsite delivery, without the adjustment, our research has shown the payment in lieu would be overstated compared to onsite delivery.

4.2.3 In line with best practice, as demonstrated by Southwark, an electronic version of the calculator should be made publicly available on the Council's website to support applicants and promote clarity in the planning process.

Figure 4-1 Recommended affordable workspace payment in lieu calculator

	Definition	Information required for worked example
A	Total lettable employment floorspace in development (sqm)	13,230.00
B	Percentage of floorspace floorspace to be Affordable Workspace	10.0%
C	<b>Amount of floorspace to be Affordable Workspace</b>	<b>C = A x B</b>
D	Market rent (£ per sqm) - determined by market comparables	£495.00
E	Discount to market rent for Affordable Workspace (%)	45%
F	<b>Discounted Affordable Workspace rent (£psm)</b>	<b>F = D x (1-E)</b>
G	<b>Rent for Affordable Workspace at discounted rent</b>	<b>G = F x C</b>
H	Market Investment yield, sourced from market comparables	6.5%
I	Affordable Workspace term (years) default 15 years	15
J	<b>Income multiplier for market investment yield for Affordable Workspace term</b>	<b>J = (1 - (1+H)<sup>-I</sup> - I)/H</b>
K	<b>Capital value of Affordable Workspace at Affordable Workspace term</b>	<b>K = J x G</b>
L	Affordable adjustment	40%
M	<b>Affordable Workspace Payment</b>	<b>M = K x (1 - L)</b>
N	<b>Affordable Workspace Payment £ per sq m</b>	<b>N = M / C</b>
<b>2. Workings from inputs above - green cell shows AW PIL calculation</b>		
<b>Step 1:</b>	Calculate C - the amount of floorspace to be Affordable Workspace	1,323
<b>Step 2:</b>	Calculate F - discounted Affordable Workspace rent	£272
<b>Step 3:</b>	Calculate G - rent for Affordable Workspace at discounted rent	£360,187
<b>Step 4:</b>	Calculate J - income multiplier for market investment yield for Affordable Workspace term	9.40
<b>Step 5 :</b>	Calculate K - capital value of Affordable Workspace at Affordable Workspace term	£3,386,717
<b>Step 6:</b>	Calculate M - the Affordable Workspace Payment	£2,032,030
<b>Step 7:</b>	Calculate N the Affordable Workspace Payment in £ per sqm	£1,536

Source: Urbà (November 2025)

<sup>2</sup> This adjustment is because when space is delivered onsite, other variables in the appraisal are affected such as profit (assumed to be 15% on GDV by BNP (para 4.37), letting agents fee and legals (applied as % of rent), fees on the investment sale (% of the capital value), changes to the cost of interest (calculated through the cashflow).

4.2.4 As shown in Appendix C and summarised in Figure 4-2, the proposed calculator meets the principle of viability neutrality. In most cases, the payment in lieu generated by the calculator is broadly equivalent to the cost of delivering the affordable workspace on-site. This ensures that the contribution does not place a disproportionate burden on development and remains consistent with the policy objective of supporting delivery without undermining scheme viability.

Figure 4-2 Results of recommended calculation

Step 8 Affordable Workspace	Ind	Office	Total affordable workspace commuted sum	Difference between RLV and 10% FS, 45% discount	Difference between on and commuted sum
West Cross Ind. Est.	£4,055,557	£0	£4,055,557	£3,811,536	£244,021
Phoenix Business Park	£1,287,291	£0	£1,287,291	£1,559,853	<b>-£272,562</b>
Kew Bridge District Centre	£482,366	£1,006,032	£1,488,398	£1,478,438	£9,960
EMC Tower	£0	£2,032,030	£2,032,030	£1,975,233	£56,797
MOD Feltham	£0	£666,592	£666,592	£536,614	£129,978
Land south of West International	£2,559,854	£0	£2,559,854	£3,282,045	<b>-£722,191</b>

Source: Urbà (November 2025)



## **Appendix A    BNP Paribas Affordable Workspace Viability Results**



**Table 6.4.1: Impact of affordable workspace requirement on developments including office, warehousing and industrial floorspace  
BLV 1 (Secondary offices)**

All appraisals assume 35% AH (where relevant)

LP Ref	Site	Industrial and logistics floorspace (sqm GIA)	Office floorspace (sqm GIA)	Other non-res floorspace (sqm GIA)	No residential units	Site area ha	BLV	Starting residual (no discount)	Residual land values with affordable workspace										
									10% FS, 45% discount	10% FS, 50% discount	10% FS, 55% discount	10% FS, 60% discount	10% FS, 65% discount	10% FS, 70% discount	10% FS, 75% discount	10% FS, 80% discount			
37	West Cross Industrial Estate	55,070	-	1,810	1,800	9.30	£85,932,000	£68,358,432	£63,922,928	£59,488,424	£55,053,920	£50,619,416	£46,184,912	£41,750,408	£37,315,904	£32,881,400	£28,446,896	£24,012,392	
38	Phoenix Business Park	17,480	-	-	260	1.60	£14,784,000	£20,411,024	£20,236,960	£20,062,896	£19,888,832	£19,714,768	£19,540,704	£19,366,640	£19,192,576	£19,018,512	£18,844,448	£18,670,384	
39	Kew Bridge District Centre	6,550	6,550	-	750	1.89	£17,463,600	£13,910,024	£13,735,960	£13,561,896	£13,387,832	£13,213,768	£13,039,704	£12,865,640	£12,691,576	£12,517,512	£12,343,448	£12,169,384	
40	EMC Tower	-	13,230	-	420	1.50	£13,860,000	£12,307,944	£12,088,434	£11,868,924	£11,649,414	£11,429,904	£11,210,394	£10,990,884	£10,771,374	£10,551,864	£10,332,354	£10,112,844	
41	Lidl Feltham	-	-	2,450	220	0.70	£6,468,000	£7,370,368	£7,353,748	£7,337,128	£7,320,508	£7,303,888	£7,287,268	£7,270,648	£7,254,028	£7,237,408	£7,220,788	£7,204,168	£7,187,548
42	Land at Hatton Fields	63,450	-	-	-	56.40	£521,136,000	£45,873,632	£45,207,968	£44,542,304	£43,876,640	£43,210,976	£42,545,312	£41,879,648	£41,213,984	£40,548,320	£39,882,656	£39,217,000	£38,551,344
43	MOD Feltham	-	4,340	-	310	4.50	£41,580,000	£28,008,000	£28,000	£28,000	£28,000	£28,000	£28,000	£28,000	£28,000	£28,000	£28,000	£28,000	£28,000
44	Leisure West	34,760	-	15,060	1,240	14.40	£133,056,000	£25,068,448	£24,731,808	£24,395,168	£24,058,528	£23,721,888	£23,385,248	£23,048,608	£22,711,968	£22,375,328	£22,038,688	£21,702,048	£21,365,408
45	Land south of West International	-	-	1,240	120	0.50	£4,620,000	£2,357,704	£2,350,528	£2,343,352	£2,336,176	£2,329,000	£2,321,824	£2,314,648	£2,307,472	£2,300,296	£2,293,120	£2,285,944	£2,278,768
46	34 Staines Road	-	-	1,610	830	1.10	£10,164,000	£24,443,592	£24,706,657	£24,969,722	£25,232,787	£25,495,852	£25,758,917	£26,021,982	£26,285,047	£26,548,112	£26,811,177	£27,074,242	£27,337,307
47	Hounslow Bus Garage	-	-	-	300	1.80	£16,632,000	£15,538,432	£15,923,072	£16,307,712	£16,692,352	£17,076,992	£17,461,632	£17,846,272	£18,230,912	£18,615,552	£19,000,192	£19,384,832	£19,769,472
48	Sainsburys Chiswick	-	-	5,300	300	1.80	£16,632,000	£15,538,432	£15,923,072	£16,307,712	£16,692,352	£17,076,992	£17,461,632	£17,846,272	£18,230,912	£18,615,552	£19,000,192	£19,384,832	£19,769,472

Percentage change in residual land values

LP Ref	Site	Other floorspace (sqm GIA)	B1 floorspace (sqm GIA)	Other non-res floorspace (sqm GIA)	No residential units	Site area ha	BLV	Starting residual (no discount)	Residual land values as a percentage of starting residual land value										
									10% FS, 45% discount	10% FS, 50% discount	10% FS, 55% discount	10% FS, 60% discount	10% FS, 65% discount	10% FS, 70% discount	10% FS, 75% discount	10% FS, 80% discount			
37	West Cross Industrial Estate	55,070	-	1,810	1,800	9.30	£85,932,000	100%	-6%	-7%	-8%	-9%	-10%	-11%	-12%	-13%	-14%	-15%	-16%
38	Phoenix Business Park	17,480	-	-	260	1.60	£14,784,000	100%	-7%	-8%	-9%	-10%	-11%	-12%	-13%	-14%	-15%	-16%	-17%
39	Kew Bridge District Centre	6,550	6,550	-	750	1.89	£17,463,600	100%	-10%	-11%	-12%	-13%	-14%	-15%	-16%	-17%	-18%	-19%	-20%
40	EMC Tower	-	13,230	-	420	1.50	£13,860,000	100%	-14%	-15%	-16%	-17%	-18%	-19%	-20%	-21%	-22%	-23%	-24%
41	Lidl Feltham	-	-	2,450	220	0.70	£6,468,000	100%	-4%	-5%	-6%	-7%	-8%	-9%	-10%	-11%	-12%	-13%	-14%
42	Land at Hatton Fields	63,450	-	-	1,370	56.40	£521,136,000	100%	-12%	-13%	-14%	-15%	-16%	-17%	-18%	-19%	-20%	-21%	-22%
43	MOD Feltham	-	4,340	-	310	4.50	£41,580,000	100%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%
44	Leisure West	34,760	-	15,060	1,240	14.40	£133,056,000	100%	-68%	-76%	-83%	-91%	-99%	-106%	-114%	-122%	-130%	-138%	-146%
45	Land south of West International	-	-	1,240	120	0.50	£4,620,000	100%	-12%	-13%	-14%	-15%	-16%	-17%	-18%	-19%	-20%	-21%	-22%
46	34 Staines Road	-	-	1,610	830	1.10	£10,164,000	100%	-6%	-7%	-8%	-9%	-10%	-11%	-12%	-13%	-14%	-15%	-16%
47	Hounslow Bus Garage	-	-	-	300	1.80	£16,632,000	100%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
48	Sainsburys Chiswick	-	-	5,300	300	1.80	£16,632,000	100%	-4%	-5%	-5%	-6%	-6%	-7%	-7%	-8%	-8%	-9%	-9%



**Table 6.3.2: Impact of affordable workspace requirement on developments including office, warehousing and industrial floorspace  
BLV2 – Secondary retail**

All appraisals assume 35% AH (where relevant)

LP Ref	Site	Industrial and logistics (sqm GIA)	Office floorspace (sqm GIA)	Other non-res floorspace (sqm GIA)	No residential of units	Site area ha	BLV	Residual land values with affordable workspace									
								Starting residual (no discount)	10% FS, 45% discount	10% FS, 50% discount	10% FS, 55% discount	10% FS, 60% discount	10% FS, 65% discount	10% FS, 70% discount	10% FS, 75% discount	10% FS, 80% discount	
£8,040,000																	
37	West Cross Industrial Estate	55,070	-	1,810	1,800	9.30	£74,772,000	£63,167,968	£63,932,920	£63,065,924	£63,065,924	£62,662,416	£62,238,912	£61,815,407	£61,391,903	£60,968,398	£60,544,894
38	Phoenix Business Park	17,480	-	-	260	1.60	£12,864,000	£12,864,000	£12,864,000	£12,864,000	£12,864,000	£12,864,000	£12,864,000	£12,864,000	£12,864,000	£12,864,000	£12,864,000
39	Kew Bridge District Centre	6,550	-	-	750	1.89	£15,195,600	£15,195,600	£15,195,600	£15,195,600	£15,195,600	£15,195,600	£15,195,600	£15,195,600	£15,195,600	£15,195,600	£15,195,600
40	ENC Tower	-	13,230	-	420	1.50	£12,060,000	£12,060,000	£12,060,000	£12,060,000	£12,060,000	£12,060,000	£12,060,000	£12,060,000	£12,060,000	£12,060,000	£12,060,000
41	Lidl Feltham	-	-	2,450	220	0.70	£5,628,000	£5,628,000	£5,628,000	£5,628,000	£5,628,000	£5,628,000	£5,628,000	£5,628,000	£5,628,000	£5,628,000	£5,628,000
42	Land at Hatton Fields	63,450	-	-	-	56.40	£453,456,000	£453,456,000	£453,456,000	£453,456,000	£453,456,000	£453,456,000	£453,456,000	£453,456,000	£453,456,000	£453,456,000	£453,456,000
43	MOD Feltham	-	4,340	-	1,370	14.10	£13,364,000	£13,364,000	£13,364,000	£13,364,000	£13,364,000	£13,364,000	£13,364,000	£13,364,000	£13,364,000	£13,364,000	£13,364,000
44	Leisure West	-	480	-	310	4.50	£36,180,000	£36,180,000	£36,180,000	£36,180,000	£36,180,000	£36,180,000	£36,180,000	£36,180,000	£36,180,000	£36,180,000	£36,180,000
45	Land south of West International	34,760	-	15,060	-	14.40	£115,776,000	£115,776,000	£115,776,000	£115,776,000	£115,776,000	£115,776,000	£115,776,000	£115,776,000	£115,776,000	£115,776,000	£115,776,000
46	34 Staines Road	-	-	1,240	120	0.50	£4,020,000	£4,020,000	£4,020,000	£4,020,000	£4,020,000	£4,020,000	£4,020,000	£4,020,000	£4,020,000	£4,020,000	£4,020,000
47	Hounslow Bus Garage	-	1,610	-	830	1.10	£8,844,000	£8,844,000	£8,844,000	£8,844,000	£8,844,000	£8,844,000	£8,844,000	£8,844,000	£8,844,000	£8,844,000	£8,844,000
48	Sainsburys Chiswick	-	-	5,300	300	1.80	£14,472,000	£14,472,000	£14,472,000	£14,472,000	£14,472,000	£14,472,000	£14,472,000	£14,472,000	£14,472,000	£14,472,000	£14,472,000

Percentage change in residual land values

LP Ref	Site	Other floorspace (sqm GIA)	B1 floorspace (sqm GIA)	Other non-res floorspace (sqm GIA)	No residential of units	Site area ha	BLV	Residual land values as a percentage of starting residual land value									
								Starting residual (no discount)	10% FS, 45% discount	10% FS, 50% discount	10% FS, 55% discount	10% FS, 60% discount	10% FS, 65% discount	10% FS, 70% discount	10% FS, 75% discount	10% FS, 80% discount	
37	West Cross Industrial Estate	55,070	-	1,810	1,800	9.30	£74,772,000	100%	-5%	-7%	-8%	-9%	-9%	-11%	-12%	-13%	-13%
38	Phoenix Business Park	17,480	-	-	260	1.60	£12,864,000	100%	-7%	-8%	-9%	-9%	-11%	-12%	-13%	-13%	-13%
39	Kew Bridge District Centre	6,550	-	-	750	1.89	£15,195,600	100%	-10%	-11%	-12%	-12%	-14%	-15%	-16%	-17%	-17%
40	ENC Tower	-	13,230	-	420	1.50	£12,060,000	100%	-14%	-15%	-17%	-18%	-20%	-22%	-23%	-25%	-25%
41	Lidl Feltham	-	-	2,450	220	0.70	£5,628,000	100%	-4%	-5%	-5%	-6%	-7%	-7%	-7%	-8%	-8%
42	Land at Hatton Fields	63,450	-	-	-	56.40	£453,456,000	100%	-12%	-13%	-14%	-15%	-17%	-18%	-19%	-21%	-21%
43	MOD Feltham	-	4,340	-	1,370	14.10	£13,364,000	100%	-3%	-3%	-3%	-3%	-4%	-4%	-4%	-5%	-5%
44	Leisure West	-	480	-	310	4.50	£36,180,000	100%	-63%	-76%	-83%	-91%	-99%	-106%	-114%	-122%	-122%
45	Land south of West International	34,760	-	-	-	14.40	£115,776,000	100%	-12%	-13%	-14%	-15%	-17%	-18%	-19%	-21%	-21%
46	34 Staines Road	-	-	1,240	120	0.50	£4,020,000	100%	-6%	-7%	-7%	-8%	-9%	-10%	-10%	-11%	-11%
47	Hounslow Bus Garage	-	1,610	-	830	1.10	£8,844,000	100%	-1%	-1%	-1%	-1%	-1%	-2%	-2%	-2%	-2%
48	Sainsburys Chiswick	-	-	5,300	300	1.80	£14,472,000	100%	-4%	-5%	-5%	-6%	-6%	-8%	-8%	-7%	-7%



**Table 6.3.3: Impact of affordable workspace requirement on developments including office, warehousing and industrial floorspace – BLV3 (Secondary industrial)**

All appraisals assume 35% AH (where relevant)

LP Ref	Site	Industrial and logistics (sqm GIA)	Office floorspace (sqm GIA)	Other non-res floorspace (sqm GIA)	No residential of units	Site area ha	BLV	Residual land values with affordable workspace									
								Starting residual (no discount)	10% FS, 45% discount	10% FS, 50% discount	10% FS, 55% discount	10% FS, 60% discount	10% FS, 65% discount	10% FS, 70% discount	10% FS, 75% discount	10% FS, 80% discount	
£6,710,000																	
37	West Cross Industrial Estate	55,070	-	1,810	1,800	9.30	£62,403,000	£63,167,968	£63,932,922	£63,509,424	£63,085,926	£62,662,416	£62,238,912	£61,815,407	£61,391,903	£60,968,398	£60,544,894
38	Phoenix Business Park	17,480	-	-	260	1.60	£10,736,000	£20,411,028	£20,236,988	£19,853,937	£19,714,844	£19,549,753	£19,384,662	£19,219,571	£19,054,480	£18,889,389	£18,724,298
39	Kew Bridge District Centre	6,550	6,550	-	750	1.89	£12,681,900	£13,912,027	£13,747,753	£13,583,485	£13,419,217	£13,254,949	£13,090,681	£12,926,413	£12,762,145	£12,597,877	£12,433,609
40	ENC Tower	-	13,230	-	420	1.50	£10,065,000	£12,307,905	£12,088,431	£11,868,954	£11,649,478	£11,430,002	£11,210,526	£10,991,050	£10,771,574	£10,552,098	£10,332,622
41	Lidl Feltham	-	-	2,450	220	0.70	£4,697,000	£7,370,382	£7,253,743	£7,137,104	£7,020,465	£6,903,826	£6,787,187	£6,670,548	£6,553,909	£6,437,270	£6,320,631
42	Land at Hatton Fields	63,450	-	-	-	56.40	£378,444,000	£45,584,593	£45,074,532	£44,564,471	£44,054,410	£43,544,349	£43,034,288	£42,524,227	£42,014,166	£41,504,105	£40,994,044
43	MOD Feltham	-	4,340	-	1,370	14.10	£94,611,000	£20,681,878	£20,145,664	£19,609,450	£19,073,236	£18,537,022	£18,000,808	£17,464,594	£16,928,380	£16,392,166	£15,855,952
44	Leisure West	-	480	-	310	4.50	£30,195,000	£22,818,563	£22,208,009	£21,597,455	£20,986,901	£20,376,347	£19,765,793	£19,155,239	£18,544,685	£17,934,131	£17,323,577
45	Land south of West International	34,760	-	-	-	14.40	£96,624,000	£25,098,461	£24,731,803	£24,365,145	£23,998,487	£23,631,829	£23,265,171	£22,898,513	£22,531,855	£22,165,197	£21,798,539
46	34 Staines Road	-	-	1,240	120	0.50	£3,355,000	£2,522,266	£2,367,705	£2,213,144	£2,058,583	£1,904,022	£1,749,461	£1,594,900	£1,440,339	£1,285,778	£1,131,217
47	Hounslow Bus Garage	-	1,610	12,310	830	1.10	£7,381,000	£24,443,581	£24,680,351	£24,917,121	£25,153,891	£25,390,661	£25,627,431	£25,864,201	£26,100,971	£26,337,741	£26,574,511
48	Sainsburys Chiswick	-	-	5,300	300	1.80	£12,078,000	£15,938,488	£15,923,078	£15,847,968	£15,772,849	£15,697,730	£15,622,610	£15,547,500	£15,472,390	£15,397,276	£15,322,162

Percentage change in residual land values

LP Ref	Site	Other floorspace (sqm GIA)	B1 floorspace (sqm GIA)	Other non-res floorspace (sqm GIA)	No residential of units	Site area ha	BLV	Residual land values as a percentage of starting residual land value									
								Starting residual (no discount)	10% FS, 45% discount	10% FS, 50% discount	10% FS, 55% discount	10% FS, 60% discount	10% FS, 65% discount	10% FS, 70% discount	10% FS, 75% discount	10% FS, 80% discount	
37	West Cross Industrial Estate	55,070	-	1,810	1,800	9.30	£62,403,000	100%	-5%	-7%	-8%	-9%	-10%	-11%	-12%	-13%	-14%
38	Phoenix Business Park	17,480	-	-	260	1.60	£10,736,000	100%	-7%	-8%	-9%	-10%	-11%	-12%	-13%	-14%	-15%
39	Kew Bridge District Centre	6,550	6,550	-	750	1.89	£12,681,900	100%	-10%	-11%	-12%	-13%	-14%	-15%	-16%	-17%	-18%
40	ENC Tower	-	13,230	-	420	1.50	£10,065,000	100%	-14%	-15%	-16%	-17%	-18%	-19%	-20%	-21%	-22%
41	Lidl Feltham	-	-	2,450	220	0.70	£4,697,000	100%	-4%	-5%	-6%	-7%	-8%	-9%	-10%	-11%	-12%
42	Land at Hatton Fields	63,450	-	-	-	56.40	£378,444,000	100%	-12%	-13%	-14%	-15%	-16%	-17%	-18%	-19%	-20%
43	MOD Feltham	-	4,340	-	1,370	14.10	£94,611,000	100%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%	-3%
44	Leisure West	-	480	-	310	4.50	£30,195,000	100%	-6%	-7%	-8%	-9%	-10%	-11%	-12%	-13%	-14%
45	Land south of West International	34,760	-	-	-	14.40	£96,624,000	100%	-12%	-13%	-14%	-15%	-16%	-17%	-18%	-19%	-20%
46	34 Staines Road	-	-	1,240	120	0.50	£3,355,000	100%	-6%	-7%	-8%	-9%	-10%	-11%	-12%	-13%	-14%
47	Hounslow Bus Garage	-	1,610	12,310	830	1.10	£7,381,000	100%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
48	Sainsburys Chiswick	-	-	5,300	300	1.80	£12,078,000	100%	-4%	-5%	-5%	-6%	-6%	-7%	-7%	-8%	-8%



**Table 6.3.4: Impact of affordable workspace requirement on developments including office, warehousing and industrial floorspace – BLV4 (vacant land)**

All appraisals assume 35% AH (where relevant)

LP Ref	Site	Industrial and logistics (sqm GIA)	Office floorspace (sqm GIA)	Other non-res floorspace (sqm GIA)	No residential of units	Site area ha	BLV	Residual land values with affordable workspace									
								Starting residual (no discount)	10% FS, 45% discount	10% FS, 50% discount	10% FS, 55% discount	10% FS, 60% discount	10% FS, 65% discount	10% FS, 70% discount	10% FS, 75% discount	10% FS, 80% discount	
37	West Cross Industrial Estate	55,070	-	1,810	1,800	9.30	£44,454,000	£63,167,968	£63,932,922	£63,509,424	£63,085,926	£62,662,418	£62,238,912	£61,815,407	£61,391,903		
38	Phoenix Business Park	17,480	-	-	260	1.60	£7,648,000	£20,970,879	£20,411,028	£19,853,937	£19,296,846	£18,739,755	£18,182,664	£17,625,573	£17,068,482		
39	Kew Bridge District Centre	6,550	6,550	-	750	1.89	£9,034,200	£15,350,465	£13,912,027	£13,519,415	£13,126,803	£12,734,191	£12,341,579	£11,948,967	£11,556,355		
40	ENC Tower	-	13,230	-	420	1.50	£7,170,000	£14,283,138	£12,307,905	£12,088,431	£11,868,954	£11,649,478	£11,430,002	£11,210,526	£10,991,050		
41	Lidl Feltham	-	-	2,450	220	0.70	£3,346,000	£7,370,382	£7,897,411	£7,753,743	£7,609,422	£7,465,101	£7,316,780	£7,172,459	£7,028,138		
42	Land at Hatton Fields	63,450	-	-	-	56.40	£289,592,000	£51,664,583	£45,874,532	£45,207,668	£44,540,804	£43,874,940	£43,209,076	£42,543,212	£41,877,348		
43	MOD Feltham	-	4,340	-	1,370	14.10	£87,398,000	£20,681,878	£20,145,064	£20,025,817	£19,906,569	£19,787,321	£19,668,073	£19,548,825	£19,429,577		
44	Leisure West	-	480	15,060	310	4.50	£21,510,000	£28,563,532	£22,280,095	£21,735,503	£21,190,911	£20,646,319	£20,101,727	£19,557,135	£19,012,543		
45	Land south of West International	34,760	-	-	-	14.40	£68,832,000	£28,378,538	£25,098,481	£24,731,803	£24,365,125	£23,998,447	£23,631,769	£23,265,091	£22,898,413		
46	34 Staines Road	-	-	1,240	120	0.50	£2,390,000	£2,522,293	£2,367,705	£2,350,526	£2,333,347	£2,316,168	£2,298,989	£2,281,810	£2,264,631		
47	Hounslow Bus Garage	-	1,610	12,310	830	1.10	£5,258,000	£24,443,581	£24,680,351	£24,706,651	£24,732,951	£24,759,251	£24,785,551	£24,811,851	£24,838,151		
48	Sainsburys Chiswick	-	-	5,300	300	1.80	£8,604,000	£18,598,498	£15,923,078	£15,847,983	£15,772,849	£15,697,734	£15,622,619	£15,547,505	£15,472,390		

Percentage change in residual land values

LP Ref	Site	Other floorspace (sqm GIA)	B1 floorspace (sqm GIA)	Other non-res floorspace (sqm GIA)	No residential of units	Site area ha	BLV	Residual land values as a percentage of starting residual land value									
								Starting residual (no discount)	10% FS, 45% discount	10% FS, 50% discount	10% FS, 55% discount	10% FS, 60% discount	10% FS, 65% discount	10% FS, 70% discount	10% FS, 75% discount	10% FS, 80% discount	
37	West Cross Industrial Estate	55,070	-	1,810	1,800	9.30	£44,454,000	100%	-5%	-8%	-7%	-8%	-7%	-8%	-9%	-9%	-10%
38	Phoenix Business Park	17,480	-	-	260	1.60	£7,648,000	100%	-7%	-8%	-9%	-10%	-9%	-10%	-11%	-12%	-13%
39	Kew Bridge District Centre	6,550	6,550	-	750	1.89	£9,034,200	100%	-10%	-11%	-12%	-13%	-12%	-13%	-14%	-15%	-16%
40	ENC Tower	-	13,230	-	420	1.50	£7,170,000	100%	-14%	-15%	-16%	-17%	-16%	-17%	-18%	-19%	-20%
41	Lidl Feltham	-	-	2,450	220	0.70	£3,346,000	100%	-4%	-5%	-5%	-6%	-5%	-6%	-7%	-7%	-8%
42	Land at Hatton Fields	63,450	-	-	-	56.40	£289,592,000	100%	-12%	-13%	-14%	-15%	-14%	-15%	-16%	-17%	-18%
43	MOD Feltham	-	4,340	-	1,370	14.10	£87,398,000	100%	-3%	-3%	-3%	-3%	-3%	-3%	-4%	-4%	-5%
44	Leisure West	-	480	15,060	310	4.50	£21,510,000	100%	-6%	-7%	-8%	-9%	-8%	-9%	-10%	-11%	-12%
45	Land south of West International	34,760	-	-	-	14.40	£68,832,000	100%	-12%	-13%	-14%	-15%	-14%	-15%	-16%	-17%	-18%
46	34 Staines Road	-	-	1,240	120	0.50	£2,390,000	100%	-6%	-7%	-7%	-8%	-7%	-8%	-9%	-10%	-11%
47	Hounslow Bus Garage	-	1,610	12,310	830	1.10	£5,258,000	100%	-1%	-1%	-1%	-1%	-1%	-1%	-2%	-2%	-2%
48	Sainsburys Chiswick	-	-	5,300	300	1.80	£8,604,000	100%	-4%	-5%	-5%	-6%	-5%	-6%	-6%	-7%	-7%



# Appendix B Quintic Response

**LONDON BOROUGH OF HOUNSLOW – LOCAL PLAN  
AFFORDABLE WORKSPACE**

The Inspectors have requested that the Council produces further information on the viability testing of the emerging policy ED1 seeking provision of affordable workspace, primarily to respond to the assertions by Twenty5 on behalf of Segro.

Twenty5 suggest that “Policy ED1 is not supported by proportionate evidence of need or viability”. Twenty5 use cherry picked results to claim that provision of affordable workspace is unviable, but their interpretation is incorrect. They suggest that 7 of the 12 schemes tested “are unviable before any affordable workspace provision is applied” but this assertion disregards the impact on viability of other uses in the mixed-use site allocations.

Furthermore, their selective reporting of the appraisal outputs assumes that industrial development always involves redevelopment of existing industrial units and disregards the testing of industrial development on cleared or previously undeveloped land.

The results in the Local Plan Viability Study within the tables on pages 36 to 39 indicate that developments that are viable before the affordable workspace policy is applied will remain viable after the policy has been applied. Furthermore, the second table on page 39 shows that the impact of a requirement for 10% of space to be let at a discount to market rent of at least 45% has a limited impact on residual land values, typically less than 10%.

With regards to sites 41, 42, 43, 44, 45, 46 and 47, there are varying degrees of relevance to the viability of affordable workspace in industrial schemes as noted below:

**Table 1: Composition of typologies in affordable workspace testing**

Site	% industrial	% office	% residential
West Cross Industrial Estate	25%	0%	75%
Phoenix Business Park	42%	0%	58%
Kew Bridge District Centre	8%	8%	84%
EMC Tower	0%	25%	75%
Lidl Feltham	0%	0%	89%
Land at Hatton Fields	100%	0%	0%
MOD Feltham	0%	3%	97%
Leisure West	0%	1%	65%
Land south of West International	100%	0%	0%
34 Staines Road	0%	0%	90%
Hounslow Bus Garage	0%	2%	85%
Sainsburys Chiswick	0%	0%	84%

All of the testing in the affordable workspace outputs on page 36 to 39 assume 35% affordable housing and this has a far greater impact on the viability of the site allocations than the affordable workspace requirement, as can be seen in the appraisal outputs within Appendix 7 of the Study. For example, the residual land value at Kew Bridge District Centre is £13.9 million assuming 35% affordable housing, but this increases to £59.5 million with no affordable housing. The impact of residential polices on these sites is therefore far greater than the change resulting from affordable

workspace requirements (which for Kew Bridge Centre is a change in residual land value of approximately £1.5 million).

The Twenty5 note claims that industrial land values equate to £15 million per hectare, but they fail to acknowledge that this value reflects prime estates, not the type of secondary estates that we have modelled for the purposes of establishing benchmark land values. A rational owner would not bring forward a prime industrial estate for redevelopment, so the suggestion of prime industrial land values for benchmark land value is illogical.

They also assert at paragraph 7 that the Local Plan Viability Assessment understates the impact of affordable workspace because “*there is no resultant discount to the investment yield*”. They base this assertion on an unevidenced suggestion that “*the yield should be adjusted to reflect the increased risk associated with letting the affordable workspace*”. This proposition does not withstand even the most cursory examination; they appear to be suggesting that tenants would pass over an opportunity to occupy workspace at a discounted rent and prefer instead to pay a higher rent. This is clearly totally illogical. If anything, demand for discounted floorspace will be higher than space let at full market rents and the yield should be keener, not softer as they claim.

In paragraph 9 they misinterpret the Local Plan Viability Study, suggesting that it does not take account of the cumulative impact of policy requirements. The tables on page 36 to 39 take account of all emerging policies, as do the tables in Appendix 7.

There is a further misunderstanding in paragraph 10 which makes various references to the premium above benchmark land value. The benchmark land values in the Local Plan Viability Study already incorporate a 20% premium. Furthermore, in many cases, the appraisal generate far higher residual land values than the benchmark land values; for example, as can be seen in Table 6.3.3, the Phoenix Business Park Site generates a residual land value of £20.41 million after the AW policy is applied, which is significantly higher than the BLV of £10.74 million.

Quintic Advisory  
11 March 2026

Note for Inspectors: The development viability business line at BNP Paribas Real Estate transferred to Quintic Advisory from 1 March 2026



## **Appendix C Recommended Calculator Payment In Lieu Results**

1. Inputs to calculation - fill in yellow cells, blue cell calculates automatically

	Definition	Information required for worked example
A	Total lettable employment floorspace in development (sqm)	55,070.00
B	Percentage of floorspace floorspace to be Affordable Workspace	10.0%
C	<b>Amount of floorspace to be Affordable Workspace</b>	<b>C = A x B</b>
D	Market rent (£ per sqm) - determined by market comparables	£215
E	Discount to market rent for Affordable Workspace (%)	45%
F	<b>Discounted Affordable Workspace rent (£psm)</b>	<b>F = D x (1-E)</b>
G	<b>Rent for Affordable Workspace at discounted rent</b>	<b>G = F x C</b>
H	Market Investment yield, sourced from market comparables	5.0%
I	Affordable Workspace term (years) default 15 years	15
J	<b>Income multiplier for market investment yield for Affordable Workspace term</b>	<b>J = (1 - (1+H)<sup>-I</sup>)/H</b>
K	<b>Capital value of Affordable Workspace at Affordable Workspace term</b>	<b>K = J x G</b>
L	Affordable adjustment	40%
M	<b>Affordable Workspace Payment</b>	<b>M = K x (1 - L)</b>
N	<b>Affordable Workspace Payment £ per sqm</b>	<b>N = M / C</b>

2. Workings from inputs above - green cell shows AW PIL calculation

<b>Step 1:</b>	Calculate C - the amount of floorspace to be Affordable Workspace	5,507
<b>Step 2:</b>	Calculate F - discounted Affordable Workspace rent	£118
<b>Step 3:</b>	Calculate G - rent for Affordable Workspace at discounted rent	£651,203
<b>Step 4:</b>	Calculate J - income multiplier for market investment yield for Affordable Workspace term	10.38
<b>Step 5:</b>	Calculate K - capital value of Affordable Workspace at Affordable Workspace term	£6,759,262
<b>Step 6:</b>	Calculate M - the Affordable Workspace Payment	£4,055,557
<b>Step 7:</b>	Calculate N the Affordable Workspace Payment in £ per sqm	£736

1. Inputs to calculation - fill in yellow cells, blue cell calculates automatically

	Definition	Information required for worked example
A	Total lettable employment floorspace in development (sqm)	17,480.00
B	Percentage of floorspace floorspace to be Affordable Workspace	10.0%
C	<b>Amount of floorspace to be Affordable Workspace</b>	<b>C = A x B</b>
D	Market rent (£ per sqm) - determined by market comparables	£215
E	Discount to market rent for Affordable Workspace (%)	45%
F	<b>Discounted Affordable Workspace rent (£psm)</b>	<b>F = D x (1-E)</b>
G	<b>Rent for Affordable Workspace at discounted rent</b>	<b>G = F x C</b>
H	Market Investment yield, sourced from market comparables	5.0%
I	Affordable Workspace term (years) default 15 years	15
J	<b>Income multiplier for market investment yield for Affordable Workspace term</b>	<b>J = (1 - (1+H)<sup>-I</sup>)/H</b>
K	<b>Capital value of Affordable Workspace at Affordable Workspace term</b>	<b>K = J x G</b>
L	Affordable adjustment	40%
M	<b>Affordable Workspace Payment</b>	<b>M = K x (1 - L)</b>
N	<b>Affordable Workspace Payment £ per sq m</b>	<b>N = M / C</b>

2. Workings from inputs above - green cell shows AW PIL calculation

<b>Step 1:</b>	Calculate C - the amount of floorspace to be Affordable Workspace	1,748
<b>Step 2:</b>	Calculate F - discounted Affordable Workspace rent	£118
<b>Step 3:</b>	Calculate G - rent for Affordable Workspace at discounted rent	£206,701
<b>Step 4:</b>	Calculate J - income multiplier for market investment yield for Affordable Workspace term	10.38
<b>Step 5 :</b>	Calculate K - capital value of Affordable Workspace at Affordable Workspace term	£2,145,486
<b>Step 6:</b>	Calculate M - the Affordable Workspace Payment	£1,287,291
<b>Step 7:</b>	Calculate N the Affordable Workspace Payment in £ per sqm	£736

1. Inputs to calculation - fill in yellow cells, blue cell calculates automatically

	Definition	Information required for worked example
A	Total lettable employment floorspace in development (sqm)	6,550.00
B	Percentage of floorspace floorspace to be Affordable Workspace	10.0%
C	<b>Amount of floorspace to be Affordable Workspace</b>	<b>C = A x B</b>
D	Market rent (£ per sqm) - determined by market comparables	£215
E	Discount to market rent for Affordable Workspace (%)	45%
F	<b>Discounted Affordable Workspace rent (£psm)</b>	<b>F = D x (1-E)</b>
G	<b>Rent for Affordable Workspace at discounted rent</b>	<b>G = F x C</b>
H	Market Investment yield, sourced from market comparables	5.0%
I	Affordable Workspace term (years) default 15 years	15
J	<b>Income multiplier for market investment yield for Affordable Workspace term</b>	<b>J = (1 - (1+H)<sup>-I</sup>)/H</b>
K	<b>Capital value of Affordable Workspace at Affordable Workspace term</b>	<b>K = J x G</b>
L	Affordable adjustment	40%
M	<b>Affordable Workspace Payment</b>	<b>M = K x (1 - L)</b>
N	<b>Affordable Workspace Payment £ per sq m</b>	<b>N = M / C</b>

2. Workings from inputs above - green cell shows AW PIL calculation

<b>Step 1:</b>	Calculate C - the amount of floorspace to be Affordable Workspace	655
<b>Step 2:</b>	Calculate F - discounted Affordable Workspace rent	£118
<b>Step 3:</b>	Calculate G - rent for Affordable Workspace at discounted rent	£77,454
<b>Step 4:</b>	Calculate J - income multiplier for market investment yield for Affordable Workspace term	10.38
<b>Step 5:</b>	Calculate K - capital value of Affordable Workspace at Affordable Workspace term	£803,943
<b>Step 6:</b>	Calculate M - the Affordable Workspace Payment	£482,366
<b>Step 7:</b>	Calculate N the Affordable Workspace Payment in £ per sqm	£736

1. Inputs to calculation - fill in yellow cells, blue cell calculates automatically

	Definition	Information required for worked example
A	Total lettable employment floorspace in development (sqm)	6,550.00
B	Percentage of floorspace floorspace to be Affordable Workspace	10.0%
C	<b>Amount of floorspace to be Affordable Workspace</b>	<b>C = A x B</b>
D	Market rent (£ per sqm) - determined by market comparables	£495
E	Discount to market rent for Affordable Workspace (%)	45%
F	<b>Discounted Affordable Workspace rent (£psm)</b>	<b>F = D x (1-E)</b>
G	<b>Rent for Affordable Workspace at discounted rent</b>	<b>G = F x C</b>
H	Market Investment yield, sourced from market comparables	6.5%
I	Affordable Workspace term (years) default 15 years	15
J	<b>Income multiplier for market investment yield for Affordable Workspace term</b>	<b>J = (1 - (1+H)<sup>-I</sup>)/H</b>
K	<b>Capital value of Affordable Workspace at Affordable Workspace term</b>	<b>K = J x G</b>
L	Affordable adjustment	40%
M	<b>Affordable Workspace Payment</b>	<b>M = K x (1 - L)</b>
N	<b>Affordable Workspace Payment £ per sq m</b>	<b>N = M / C</b>

2. Workings from inputs above - green cell shows AW PIL calculation

<b>Step 1:</b>	Calculate C - the amount of floorspace to be Affordable Workspace	655
<b>Step 2:</b>	Calculate F - discounted Affordable Workspace rent	£272
<b>Step 3:</b>	Calculate G - rent for Affordable Workspace at discounted rent	£178,324
<b>Step 4:</b>	Calculate J - income multiplier for market investment yield for Affordable Workspace term	9.40
<b>Step 5 :</b>	Calculate K - capital value of Affordable Workspace at Affordable Workspace term	£1,676,719
<b>Step 6:</b>	Calculate M - the Affordable Workspace Payment	£1,006,032
<b>Step 7:</b>	Calculate N the Affordable Workspace Payment in £ per sqm	£1,536

1. Inputs to calculation - fill in yellow cells, blue cell calculates automatically

	Definition	Information required for worked example
A	Total lettable employment floorspace in development (sqm)	13,230.00
B	Percentage of floorspace floorspace to be Affordable Workspace	10.0%
C	<b>Amount of floorspace to be Affordable Workspace</b>	<b>C = A x B</b>
D	Market rent (£ per sqm) - determined by market comparables	£495
E	Discount to market rent for Affordable Workspace (%)	45%
F	<b>Discounted Affordable Workspace rent (£psm)</b>	<b>F = D x (1-E)</b>
G	<b>Rent for Affordable Workspace at discounted rent</b>	<b>G = F x C</b>
H	Market Investment yield, sourced from market comparables	6.5%
I	Affordable Workspace term (years) default 15 years	15
J	<b>Income multiplier for market investment yield for Affordable Workspace term</b>	<b>J = (1 - (1+H)<sup>-I</sup>)/H</b>
K	<b>Capital value of Affordable Workspace at Affordable Workspace term</b>	<b>K = J x G</b>
L	Affordable adjustment	40%
M	<b>Affordable Workspace Payment</b>	<b>M = K x (1 - L)</b>
N	<b>Affordable Workspace Payment £ per sq m</b>	<b>N = M / C</b>

2. Workings from inputs above - green cell shows AW PIL calculation

<b>Step 1:</b>	Calculate C - the amount of floorspace to be Affordable Workspace	1,323
<b>Step 2:</b>	Calculate F - discounted Affordable Workspace rent	£272
<b>Step 3:</b>	Calculate G - rent for Affordable Workspace at discounted rent	£360,187
<b>Step 4:</b>	Calculate J - income multiplier for market investment yield for Affordable Workspace term	9.40
<b>Step 5 :</b>	Calculate K - capital value of Affordable Workspace at Affordable Workspace term	£3,386,717
<b>Step 6:</b>	Calculate M - the Affordable Workspace Payment	£2,032,030
<b>Step 7:</b>	Calculate N the Affordable Workspace Payment in £ per sqm	£1,536

1. Inputs to calculation - fill in yellow cells, blue cell calculates automatically

	Definition	Information required for worked example
A	Total lettable employment floorspace in development (sqm)	4,340.00
B	Percentage of floorspace floorspace to be Affordable Workspace	10.0%
C	<b>Amount of floorspace to be Affordable Workspace</b>	<b>C = A x B</b>
D	Market rent (£ per sqm) - determined by market comparables	£495
E	Discount to market rent for Affordable Workspace (%)	45%
F	<b>Discounted Affordable Workspace rent (£psm)</b>	<b>F = D x (1-E)</b>
G	<b>Rent for Affordable Workspace at discounted rent</b>	<b>G = F x C</b>
H	Market Investment yield, sourced from market comparables	6.5%
I	Affordable Workspace term (years) default 15 years	15
J	<b>Income multiplier for market investment yield for Affordable Workspace term</b>	<b>J = (1 - (1+H)<sup>-I</sup>) / H</b>
K	<b>Capital value of Affordable Workspace at Affordable Workspace term</b>	<b>K = J x G</b>
L	Affordable adjustment	40%
M	<b>Affordable Workspace Payment</b>	<b>M = K x (1 - L)</b>
N	<b>Affordable Workspace Payment £ per sq m</b>	<b>N = M / C</b>

2. Workings from inputs above - green cell shows AW PIL calculation

<b>Step 1:</b>	Calculate C - the amount of floorspace to be Affordable Workspace	434
<b>Step 2:</b>	Calculate F - discounted Affordable Workspace rent	£272
<b>Step 3:</b>	Calculate G - rent for Affordable Workspace at discounted rent	£118,157
<b>Step 4:</b>	Calculate J - income multiplier for market investment yield for Affordable Workspace term	9.40
<b>Step 5:</b>	Calculate K - capital value of Affordable Workspace at Affordable Workspace term	£1,110,986
<b>Step 6:</b>	Calculate M - the Affordable Workspace Payment	£666,592
<b>Step 7:</b>	Calculate N the Affordable Workspace Payment in £ per sqm	£1,536

1. Inputs to calculation - fill in yellow cells, blue cell calculates automatically

	Definition	Information required for worked example
A	Total lettable employment floorspace in development (sqm)	34,760.00
B	Percentage of floorspace floorspace to be Affordable Workspace	10.0%
C	<b>Amount of floorspace to be Affordable Workspace</b>	<b>C = A x B</b>
D	Market rent (£ per sqm) - determined by market comparables	£215
E	Discount to market rent for Affordable Workspace (%)	45%
F	<b>Discounted Affordable Workspace rent (£psm)</b>	<b>F = D x (1-E)</b>
G	<b>Rent for Affordable Workspace at discounted rent</b>	<b>G = F x C</b>
H	Market Investment yield, sourced from market comparables	5.0%
I	Affordable Workspace term (years) default 15 years	15
J	<b>Income multiplier for market investment yield for Affordable Workspace term</b>	<b>J = (1 - (1+H)<sup>-I</sup>)/H</b>
K	<b>Capital value of Affordable Workspace at Affordable Workspace term</b>	<b>K = J x G</b>
L	Affordable adjustment	40%
M	<b>Affordable Workspace Payment</b>	<b>M = K x (1 - L)</b>
N	<b>Affordable Workspace Payment £ per sqm</b>	<b>N = M / C</b>

2. Workings from inputs above - green cell shows AW PIL calculation

<b>Step 1:</b>	Calculate C - the amount of floorspace to be Affordable Workspace	3,476
<b>Step 2:</b>	Calculate F - discounted Affordable Workspace rent	£118
<b>Step 3:</b>	Calculate G - rent for Affordable Workspace at discounted rent	£411,037
<b>Step 4:</b>	Calculate J - income multiplier for market investment yield for Affordable Workspace term	10.38
<b>Step 5:</b>	Calculate K - capital value of Affordable Workspace at Affordable Workspace term	£4,266,424
<b>Step 6:</b>	Calculate M - the Affordable Workspace Payment	£2,559,854
<b>Step 7:</b>	Calculate N the Affordable Workspace Payment in £ per sqm	£736



124 City Road  
London EC1V 2NX  
T: 0203 987 3121  
E: [info@theurba.com](mailto:info@theurba.com)  
W: [www.theurba.com](http://www.theurba.com)