



SCOPING CHANGES TO THE CAMDEN LOCAL PLAN BNP PARIBAS REAL ESTATE FINANCIAL VIABILITY STUDY MARCH 2016

This note has been prepared by BNP Paribas Real Estate and should be read in conjunction with the 'Financial Viability Study' (October 2015) published as part of the Council's evidence base.

Following consultation and engagement on the draft Camden Local Plan approved by Camden Council's Cabinet in January 2015 and consideration of the responses received, the Council made a number of changes to the content of the Plan. The changes have been incorporated in the Submission Draft Plan, which the Council published for 8 weeks of public consultation starting on 8 February 2016.

None of these changes are considered to significantly alter the overall policy directions in the draft Local Plan from those previously published. In some instances, the changes will already have been assessed through the viability study, e.g. impacts housing standards review, or have no relevance to viability but a small number of cases are likely to require further consideration.

The table below identifies the changes incorporated in the Submission Draft Plan and provides BNP Paribas Real Estate's comments in relation to each of these changes with respect to their impact on viability and requirement for any further action.

Council identified amendment to Policy Position	BNP Paribas Real Estate Comment
Housing	
<ul style="list-style-type: none"> • Housing target adjusted to around 1,100 per year to reflect evidence (16,500 over plan period). • Payment in lieu sought for schemes that add 1 to 9 additional homes to secure a contribution to affordable housing from small sites. The implementation of this is policy requirement is subject to the legal challenge to the Government's imposition of a minimum threshold. • 10 homes / 1,000 sqm threshold retained for seeking affordable housing on-site. • Amended sliding scale for affordable housing starting at 2% for one additional home / 100 sqm 	<p>Does not add policy cost to delivery of development and therefore has no impact on viability.</p> <p>Payments in lieu are considered as part of the viability assessment so no further action required.</p> <p>This is considered within the viability assessment so no further action required.</p> <p>The application of a sliding scale is considered within the viability assessment. We note that this considered the Council's</p>



<p>and increasing by 2% % for each further home / 100sqm to reach 50% at 25 additional homes / 2,500sqm or more (so 5 homes gives 10%, 10 homes gives 20% etc.).</p> <ul style="list-style-type: none"> • Flexibility introduced for the Council to seek affordable homes that meet specific needs or accommodation for gypsies and travellers instead of general needs affordable housing in some large developments. We anticipate this will mean no general needs affordable housing can be delivered on these sites. • Amendment to require provision of plots for gypsies and travellers and self-build on large sites and to commit the Council to updating the assessment of needs through engagement with the traveller community. 	<p>previous sliding scale approach which had increments of 1% as opposed to 2%. The results in the study did not identify a natural split or indication of a sliding scale i.e. they indicated that there is no direct correlation between the size of a scheme and its viability and in this regard sites were identified as being able to accommodate up to 50% affordable housing. In this regard we consider that the Council's amended sliding scale approach for schemes up to 25 units is not unreasonable. No further action is considered necessary.</p> <p>It is not considered necessary to test this assumption as the Council clearly identifies that this policy will be considered flexibly i.e. the provision of affordable homes addressing specific needs 'may' be sought 'as part or all of the affordable housing contribution' not in addition to the traditional/general needs affordable housing requirement. The policy also contains flexibility with respect to taking into consideration 'the economics and financial viability of the development'. On this basis we do not consider that this requires further viability testing as the Council is simply seeking to be able to secure all forms of affordable housing that have been identified as being necessary to meet Borough needs.</p> <p>There may be cost implications as a result of this requirement, however we do not consider that this needs further testing as we are aware that Policy H11 essentially gives a cross-reference to the requirements of Policies H4 and H6. Both Policies provide flexibility in their application i.e.:</p> <p>Policy H4 requirements include:</p> <p><i>'l. site size and any constraints on developing the site for a mix of housing including market and affordable housing, and the particular types of affordable provision sought'</i></p> <p>and</p> <p><i>'p. the economics and financial viability of the development including any particular costs associated with it, having regard to any distinctive viability characteristics of particular sectors such as build-to-let'</i></p>
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<ul style="list-style-type: none"> • Clearer preference for intermediate rent over shared ownership. • Changes to reflect the government's housing standards review (e.g. on accessibility and space standards). 	<p><i>housing'</i></p> <p>while H6 requirements are subject to similar criteria including:</p> <p><i>'l. site size, and any constraints on developing the site for a mix of housing including provision for particular housing needs'</i></p> <p>and</p> <p><i>'o. the economics and financial viability of the development including any particular costs associated with it, having regard to any distinctive viability characteristics of particular sectors such as build-to-let housing.'</i></p> <p>On this basis we consider that there is flexibility provided in Camden's Submission Version Local Plan for the application of Policy H11. The Council may however wish to consider whether there may be merit in introducing further references to viability in the supporting text to this policy.</p> <p>This is a Council preference based on its experience of delivering genuinely affordable homes in the borough, so it is not considered to be an unreasonable stance. The Council's plan identifies that it 'strongly encourage[s]' this form of intermediate housing, but it does not state that it will not consider other forms of intermediate housing. It will therefore be for the Applicant to discuss their tenure offer with the Council and for this to be agreed through negotiation should the Applicant wish to provide alternative tenures given the Council's stated preference.</p> <p>We consider this to have been addressed and no further action is required.</p>
<p>Growth and employment</p>	
<ul style="list-style-type: none"> • Changes to wording for the Kentish Town Regis Road Growth Area and employment policies in response to Mayor/Greater London Authority (GLA) comments. This strengthens the approach to 	<p>The policy approach of retaining industrial / employment uses, particularly where these support Central London or the local economy was previously present in the policy so this is not a new requirement. The tightening of the wording to satisfy concerns raised to the Council by the GLA is likely to make it more</p>



<p>retaining industrial / employment uses, particularly where these support Central London or the local economy. We still envisage this site will make a significant contribution to housing delivery.</p> <ul style="list-style-type: none"> • Text on Camley Street added to the section on the Community Investment Programme, alongside wording on Somers Town and Gospel Oak. 	<p>challenging to deliver the regeneration of this growth area, however the redevelopment of this area is still in its early stages of planning and therefore there is ample opportunity to explore options as to how to deliver all the identified priorities for the site.</p> <p>The Council and BNP Paribas Real Estate are very aware of the pressures with respect to population growth and affordability and the growth that is required to respond to this across London. In this regard the intensification of such sites will almost inevitably form part of a London wide response to significantly increase housing delivery.</p> <p>We consider this to have been addressed in the viability testing as far as is practicable at this early stage and no further action is required. It is envisaged that further viability work will be undertaken as the proposals for the area's regeneration is progressed in more detail.</p> <p>This was not included in the draft Local Plan, however as the additional wording does not add any further policy requirements, no further action is required.</p>
<p>Other matters</p>	
<ul style="list-style-type: none"> • Text added on the maximum size of basements to ensure they are proportionate and do not harm the character of areas with large gardens. • Requirement that basements must be set back from the boundaries of neighbouring properties. • Further recognition of public health and wellbeing throughout the Plan. • Reference added in the policies on pubs and community facilities which serve a wider than local catchment and bring benefits to specialist communities under the Equality Act 2010 (e.g. the LGBT 	<p>Does not add policy cost to delivery of development and therefore has no impact on viability.</p> <p>Does not add policy cost to delivery of development and therefore has no impact on viability.</p> <p>Does not add policy cost to delivery of development and therefore has no impact on viability.</p> <p>Does not add further policy cost to delivery of development and therefore has no impact on viability.</p>



<p>community).</p> <ul style="list-style-type: none">• Parking for disabled people to be considered where necessary rather than as standard so it may not be required where suitable on-street provision is available to avoid unused spaces.• More explanation of the Plan's approach to tall buildings in response to Historic England's comments.• Further strengthening of approach to air quality assessments and mitigation.• Developments that generate significant movement of goods or materials by roads expected to accommodate goods vehicles on site.	<p>Does not add policy cost to delivery of development and therefore has no impact on viability.</p> <p>Does not add policy cost to delivery of development and therefore has no impact on viability.</p> <p>Sustainability measures have been considered within the viability assessment and in this regard we do not consider that this change will add any further policy costs to development. No further action is required.</p> <p>BNP Paribas Real Estate has some concerns that the provision for such accommodation may not always be possible, especially on tight or constrained sites. The requirement for such accommodation could potentially give rise to additional costs to development in the form of an opportunity cost of foregoing developed floorspace to deliver this vehicle accommodation. Notwithstanding this we note that this policy change identifies that such provision will be 'expected' and not 'required', which allows for a degree of flexibility where such provision cannot viably or feasibly be met on site. On this basis we consider that no further viability testing is necessary. The Council may wish to consider whether there may be merit in introducing further references to viability in the supporting text to this policy.</p>
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