

26 March 2024

London Borough of Camden

5 Pancras Sq
London
N1C 4AG

By email only

Dear Sir/ Madam

TAVIS HOUSE, 1-6 TAVISTOCK SQUARE, LONDON WC1H 9NA

Financial Viability Assessment - update

On behalf of Tempus Realty Holdings 1 (Jersey) Ltd (the "Applicant") DS2 write to provide an update in relation to the financial viability of the above site (the "Site") which is the subject of an application for Minor Material Amendments under Section 73 of the Town and Country Planning Act 1990.

By way of background, the Site benefits from planning permission approved on 01 December 2023 under reference 2021/6105/P. A Financial Viability Assessment was prepared and submitted by DS2 as part of the original planning application. This assessment was reviewed by the London Borough of Camden's viability consultants, BPS Surveyors, who concluded that the scheme could neither support on-site residential floorspace, nor the provision of a financial payment in lieu of residential floorspace. A deferred contribution mechanism was agreed and included in the S106 legal agreement to capture any improvements in viability over the life of the project.

The proposed S73 application has been submitted to allow the building to be used for flexible lab-enabled space resulting in changes to the rear façade and roof top level to allow for additional plant associated with laboratories. The description of development for this S73 application is as follows:

"Variation of conditions 2, 9, 13 and 15 approved under planning permission reference 2021/6105/P on 1 December 2023 for 'Refurbishment and extension of the existing building to provide new entrances, a new roof top pavilion, roof top plant equipment and enclosures, rear extension and cycle parking associated with Class E use together with new hard and soft landscaping and other ancillary works'. NAMELY amendments to external rear facades, rooftop plant and other associated works."

The proposal does not alter the approved Gross Internal Areas. The proposal also retains the building in Class E use. It was established as part of the Ear Nose and Throat Hospital S73 planning application that in planning viability terms, lab-enabled accommodation is to be assessed as Category A office accommodation. Whilst higher rents can be achieved for fitted out lab space, this comes at substantially higher cost to the landlord who fits out the space on behalf of the occupier. Furthermore, such fit outs are highly bespoke and unique to specific end-users and as a result are extremely difficult to quantify in terms of cost as part of viability assessment. If there are gains in terms of cost/ value this will be picked up by the deferred contribution mechanism.



The original viability assessment was assessed on the basis of Category A office accommodation. On the basis that the proposals do not alter the gross floorspace and that the change to lab-enabled accommodation does not change the basis of assessment of development value, it is reasonable to assume that the the conclusions reached by BPS as part of the original viability assessment are unchanged.

In conclusion, there is no material change to the viability conclusions or the level of payment in lieu. However, as before a deferred contribution mechanism will remain in place within the legal agreement to capture future increased in values/ changes in costs once the development is completed.

If you would like to discuss this further, please don't hesitate to contact me.

Yours faithfully,

Jack Savin-Taylor MRICS
Partner

For and on behalf of DS2 LLP
Email: jack.savintaylor@ds2.co.uk
Tel: 020 7004 1764
Mob: 07720 087923