



Assessment of Affordability of Retail Units Proposed

1.0 Introduction

- 1.1 This Assessment of Affordability of Retail Units proposed has been prepared to accompany a planning application for the redevelopment of 1-11A Swain's Lane and 109-110 Highgate West Hill. The planning application proposes the demolition of the existing buildings and replacement with two buildings comprising ground floor retail units (within Use Classes A1 and A3) with residential above.
- 1.2 Camden Council requested the submission of an 'Assessment of Affordability of Retail Units Proposed' on 28 November 2013 in line with guidance set out in Section 5 of Camden Planning Guidance (CPG) 5 (2013). The requirement for this document has not been requested in any of the Council's pre-application feedback, and CPG 5 states that this document may be required rather than is essential; nonetheless we are pleased to provide the following assessment.
- 1.3 The assessment also responds to consultation responses which inaccurately criticise the retail strategy and size of retail units proposed by the scheme.

2.0 Existing Retail Provision

- 2.1 The existing buildings on site comprise two single-storey, flat roofed blocks which form a short shopping parade of ten retail units. Historic OS Maps indicate the buildings on site were built between 1920 and 1936. The site is located within the Swain's Lane Neighbourhood Centre.
- 2.2 The shopping parade comprises a number of independent retailers including a greengrocer, florist and local wine, food and gift shop. The parade has historically had a restaurant and estate agent, the latter relocating further along the parade. In total the parade comprises 620sqm GEA or 575sqm GIA floorspace.
- 2.3 The remainder of the parade on Swain's Lane and Highgate Road includes a public house, newsagent, pharmacy, butcher, hairdresser, restaurants with areas for outdoor seating and Tesco. Vacancy rates are low compared to the national average.

3.0 Proposed Retail Provision

- 3.1 The planning application proposes eight retail units ranging from 38sqm (GIA) to 95sqm (GIA) across the ground floor of two new blocks. The amount of retail proposed is virtually the same as that which currently exists. The West Block comprises five retail units and the East Building three units. The breakdown of floorspace is outlined in Table 1.

Table 1 Proposed ground floor retail (A1-A3) floorspace

Block	Gross Internal Area (sqm)	Gross External Area (sqm)
West Building	384	431
Unit 1	80	89
Unit 2	95	105
Unit 3	69	74
Unit 4	70	80
Unit 5	70	83
East Building	170	204
Unit 1	84	100
Unit 2	48	57
Unit 3	38	47
Total Floorspace	554	635

4.0 **Planning Policy**

Camden Core Strategy (2010)

4.1 Camden Core Strategy Policy CS7 promotes successful and vibrant centres throughout the borough to serve the needs of residents, workers and visitors through:

- 1 Seeking to protect and enhance the role and unique character of each of Camden's centres, ensuring that new development is of an appropriate scale and character for the centre in which it is located;
- 2 Providing for, and maintaining, a range of shops, services, food, drink and entertainment and other suitable uses to provide variety, vibrancy and choice;
- 3 Protecting and promoting small and independent shops, and resisting the loss of shops where this would cause harm to the character and function of a centre;
- 4 Pursuing the individual planning objectives for each centre including through the delivery of environmental, design, transport and public safety measures.

4.2 The supporting text at paragraph 7.17 recognises that:

- 1 Small and independent shops contribute to the character and diversity of Camden's centres by adding to the choice and variety of shopping facilities available, and avoiding centres being dominated by national multiple retailers.
- 2 The Council will seek to promote the provision of small shop units where appropriate and independent shops where possible.

- 3 The Council will also seek to protect shops, including those on small shopping parades where their loss would cause harm to a centre or local area.

Camden Development Management DPD (2010)

- 4.3 Camden Development Policy DP10 provides further guidance on Core Strategy paragraph 7.17. It states that:

The Council will encourage the provision of small shop premises suitable for small and independent businesses by:

- “a) expecting large retail developments to include a proportion of smaller units;
b) attaching conditions to planning permissions for retail developments to remove their ability to combine units into larger premises, where appropriate;
c) encourage the occupation of shops by independent businesses and the provision of affordable premises”.*

Camden Planning Guidance 5: Town Centres, Retail and Employment (2013)

- 4.4 Section 5 of *Camden Planning Guidance 5: Town Centres, Retail and Employment* provides more detailed guidance on the Councils approach to securing small, affordable and independent shops in appropriate locations. Small shops are typically no more than 100sqm in size and ‘independent’ broadly meaning businesses with no more than 5 shops. There is no accepted definition of what constitutes an ‘affordable’ rent with appropriate rental levels to be derived for individual centres or specific streets on a case-by-case basis.

Commentary on policy

- 4.5 The key policy requirement is that new retail promotes successful and vibrant centres and protects and enhances the role and unique character of these. The proposal clearly responds directly to this requirement. The key tests are set out in Development Policy DP10 which encourages the provision of small shop premises suitable for small and independent businesses. In response to each part of the condition:
- Part a) of the policy is not relevant to the development at Swain’s Lane as this relates to large retail developments. The proposals are for like-for-like retail floorspace in a neighbourhood centre.
 - Part b) of the policy seeks to restrict amalgamation of units. Our client would accept a condition if the Council consider it necessary in accordance with the tests set out in paragraph 206 of the NPPF.
 - Part c) promotes independent businesses and affordable premises. The retail units have been specifically designed for existing independent businesses and to attract new tenants. Further detail of how the scheme responds to part c) is outlined in Section 5.0.

5.0 **Assessment of Affordability**

Evidence from nearby neighbourhood centres

5.1 We have carried out a review of neighbourhood centres in proximity to Swain's Lane using VOA Business Rates 2010. This provides a rateable valuation of retail units and provides an opportunity to compare Retail Zone A rental values in Swain's Lane with other neighbourhood centres.

5.2 The findings set out in Table 2 demonstrate that average Zone A rental values in Swain's Lane are one of the lowest in this part of the borough. Retail units in Swain's Lane are already affordable for independent retailers in Camden.

Table 2 Zone A Rental Values in Neighbourhood Centres

Neighbourhood Centre	Average Retail Zone A (£/sqm)
York Rise/Chetwynd Road	£275
Swain's Lane	£300
Queen's Crescent	£375
Highgate Road	£200 - £400
Fortress Road	£400
South End Green	£650
Highgate High Street	£800

Source: Valuation Office Agency

Assessment of Proposed Retail Offer

5.3 The proposed retail development at the site does not warrant a full assessment of affordability on the basis that:

- 1 The scheme proposes an almost like-for-like replacement of the existing floorspace.
- 2 All units have been sized below the 100sqm threshold specifically to promote and encourage independent retailers and discourage national multiples who typically seek units of a minimum 120sqm. The design and size of these units has been informed by HO² Commercial Property Consultants who have acted as agent for the site for 12 years and have a detailed understanding of the local retail market. HO² consider that there is demand for these retail units. In addition, in response to public consultation and feedback from officers a large convenience unit in the West Building has been removed from the scheme. There is no foundation in consultation feedback that the proposed retail units are too small for independent retailers.
- 3 With the exception of Tesco, all other retail units within the Swain's Lane parade are occupied by independent retailers. There is no restriction preventing these units from changing to a national multiple, however, this has not happened due to the strength of local independents and the size of the units.

4 The level of occupation along the parade demonstrates that there is demand for independent retailers and this will increase with the provision of new retail units.

5.4 Discussions have been on-going between our client's commercial agent and the existing retailers with a view to them returning following completion of the development. This has included designing retail units specifically to meet their needs. For example the existing Forks & Corks unit includes a seating area to the rear and a similar such area has been designed into the proposed western unit on the East Building. The unit is of similar size to the existing and includes an outdoor seating area on Swain's Lane to promote the café/restaurant culture of the parade. Equally, the remaining two units in the East Block could accommodate the return of the estate agent, the greengrocer or florist.

5.5 As an incentive to return, existing tenants will be offered a reduced rent on terms to be agreed on a tenant-by-tenant basis. If they [the existing retailers] wish to return they will be offered better terms than at present. Most importantly they will be offered much longer leases (up to 20 years if they chose) which will allow them to really invest in their business and create an asset which has value for them in the medium to long term, whereas currently their leases and businesses have little value while there is the prospect of redevelopment.

5.6 The VOA data indicates that Zone A rental values in Swain's Lane are significantly lower than many other neighbourhood centres and there is demand for retail units in this area. Rental values for the remaining units will be agreed on a tenant by tenant basis based on market rent based on existing rents prevailing in the parade as a whole at the time of letting.

6.0 **Summary**

6.1 The retail strategy for the proposed development at the site seeks like-for-like replacement of retail floorspace providing new modern accommodation. Small units are proposed to attract independent retailers, with a number of these designed to meet the needs of existing tenants who would be offered reduced rents on longer leases on terms to be agreed on a tenant by tenant basis as an incentive to return. The retail strategy will reinforce the character and balance of the centre, will continue to support independent retailers and promote the café/restaurant culture which the local community envisage for the parade.

6.2 The approach taken directly responds to Camden's Core Strategy and Development Management policies which encourage small shops for independent retailers. VOA data confirms that Zone A rental values in Swain's Lane are one of the lowest for neighbourhood centres in this part of the borough and readily affordable for independent retailers given the strength of the centre.

6.3 The retail strategy for the site accords with Development Management Policy DP10 and will be a significant planning benefit contributing to the regeneration of the neighbourhood centre site.