

South Yorkshire Pensions Authority

262 High Holborn | Appendix C

Residential Planning Report

30th April 2013



Farebrother

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262-267 High Holborn, London, WC1

Residential Planning Report

On behalf of South Yorkshire Pensions Authority

May 2013



Executive Summary

This report has been prepared to respond to the requirements of Policy DP1 of the London Borough of Camden's Development Policies Document. This requires the provision of on-site residential accommodation on a 50:50 ratio when more than 200sqm of new commercial floorspace is proposed. In this instance the applicant would need to provide 594sqm.

Following a series of pre-application meeting with Planning & Design officers at Camden, it has been agreed in principle that residential accommodation could not feasibly be provided on site without materially affecting the primary function of the building as a commercial B1 use in the Core CAZ.

This report confirms that the applicant does not own any other buildings within the administrative boundary of Camden which could be used to provide the requisite residential accommodation.

A detailed search of properties available within the same Ward as the application site (Holborn & Covent Garden) concluded that there were no suitable premises that could be purchased by the applicant. The sites were primarily discounted on the basis of valuation as well as size, suitability and the prospects of securing a change of use.

A similar search in the adjoining Wards of King's Cross & Bloomsbury was undertaken and resulted in the same conclusion.

This report and the market analysis provided confirms that there are no suitable sites available for a donor site provision and therefore supports the applicant's offer of a financial contribution in lieu of the residential provision.

Introduction

This report is submitted in support of the planning application for the proposed extension and refurbishment of 262-267 High Holborn ("Site") on behalf of South Yorkshire Pensions Authority.

The application proposes an additional 1,188sqm of commercial floorspace and therefore triggers the requirements of Policy DP1 in the London Borough of Camden's Development Policies Document (2010).

This requires a mix of uses in development where appropriate in all parts of the borough, including a contribution towards the supply of housing. In the Central London Area (except Hatton Garden) and the town centres of Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road, where more than 200sqm (gross) additional floorspace is provided, the Council will require up to 50% of all additional floorspace to be housing. The Council will require any secondary uses to be provided on site, particularly where 1,000sqm (gross) of additional floorspace or more is proposed.

Policy DP1 continues to state that where inclusion of a secondary use is appropriate for the area and cannot practically be achieved on the site, the Council may accept a contribution to the mix of uses elsewhere in the area, or exceptionally a payment-in-lieu.

In considering whether a mix of uses should be sought, whether it can practically be achieved on the site, the most appropriate mix of uses, and the scale and nature of any contribution to the supply of housing and other secondary uses, the Council will take into account:

- a) the character of the development, the site and the area;*
- b) site size, the extent of the additional floorspace, and constraints on including a mix of uses;*
- c) the need for an active street frontage and natural surveillance;*
- d) the economics and financial viability of the development including any particular costs associated with it;*
- e) whether the sole or primary use proposed is housing;*
- g) whether secondary uses would be incompatible with the character of the primary use;*
- f) whether an extension to the gross floorspace is needed for an existing user;*
- h) whether the development is publicly funded;*
- i) any other planning objectives considered to be a priority for the site.*

An assessment under DP1 in respect of the application site therefore needed to consider the following options –

- i. The provision of residential floorspace on-site;
- ii. The provision of residential floorspace on a donor site owned by the applicant;
- iii. The provision of residential floorspace within an acquired donor site within the same Ward as the application site (Holborn & Covent Garden);
- iv. The provision of residential floorspace within an acquired site within the adjoining wards off King's Cross and Bloomsbury.

This report sets out the applicant's approach to each of these options.

On-Site Residential Provision

Policy DP1 would require the provision of 594sqm of residential floorspace on site. as part of the pre-application consultation with Planning & Design officers, the applicant has provided a series of drawings and assessments which seek to support the case that the provision of on-site residential floorspace would materially affect the primary role of the building as an office use and would also result in sub-standard residential accommodation in terms of amenity, outlook, access and daylight/sunlight.

Assessment

The first part of the assessment was to review how a residential entrance could be configured at the ground floor without materially affecting the retail and office elements.

The site lies within the defined Core CAZ as well as the 'Central London Frontages' area. This has been considered in the context of maintaining and increasing the active frontage by enhancing the extent and appearance of the retail uses and providing an improved, DDA compliant, ground floor office lobby presence.

As such the High Holborn frontage was NOT considered to be an appropriate location for a residential entrance.

The alternative options considered entrances from Holborn Place and the rear service yard. Neither of these were considered appropriate on the basis of that they were not suitable, safe or desirable for a residential entrance. They would also displace the office refuse area, cycle store and substation.

The second part of the assessment considered the quality of the residential accommodation that could be provided within the building despite the lack of an obvious, desirable or safe entrance location.

Residential Option 1 - Stacked

The stacked residential from levels 1 - 5 would have extremely poor aspect / view out to the rear of the adjacent properties and service yards. The single aspect units would have a compromised layout.

The location also represents a significant loss of office area on each level, with the remaining office space severely impeded in terms of quality, connectivity and daylight.

Residential Option 2 - Upper Levels

Two upper levels of residential would require additional massing for the residential stair core and lifts. The office terrace would be lost and the office plant would need to move, representing a significant loss of office area elsewhere in the building. Moving the plant elsewhere would create acoustic problems and impede the plant replacement strategy.

The typical floor office floor layout shows that there would be a significant loss of office area on each level, with the remaining office space severely impeded in terms of quality, connectivity and daylight.

Residential Option 3 - Lower Levels

Two lower levels of residential such as across the 1st and 2nd floor.

Residents at low level would suffer from acoustic and pollution issues due to the close proximity of the busy highways and rear service yard.

The office core would still be required to serve the upper floors. The central part of the plan is too deep for daylight and is therefore a compromised area. These would be limited opportunity for amenity / outside space without changing the appearance of the existing Holborn facade.

Following the first pre-application meeting on 17 January 2013 at which options 1 and 2 were presented, officers confirmed in writing that,

The assessment suggests the provision of residential accommodation, either within the proposed roof extension or rear extension would result in a poor standard of accommodation, particularly in terms of amenity (outlook, daylight security). The assessment indicates the provision of residential accommodation at main roof level would result in a poor standard of office accommodation (internal layout), due to the requirement for an internal lift.

Whilst it is acknowledged the provision of quality residential accommodation may be limited, it is considered further alternatives at other floor levels should also be assessed.

The further study (option 3) undertaken to address the comments from officers regarding the potential for residential floorspace on intermediary floors concluded that similar issues arose regarding poor amenity and outlook and is therefore not considered to be a suitable or appropriate solution. This was confirmed by officers following a second pre-application meeting on 26 February 2013 who stated,,

It is considered the revised information suitably assesses alternative locations within the building for residential accommodation.

It is therefore considered that a thorough assessment of the capacity of the building to provide residential floorspace under DP1 has been undertaken and the Officers have accepted that the site is not appropriate to provide the residential floorspace on-site due to the physical, environmental and commercial constraints set out above.

Off-Site Provision

Existing Donor Site

It can be confirmed that the applicant, South Yorkshire Pensions Authority does not hold any other buildings in its portfolio with the boundaries of the London Borough of Camden.

Acquiring a Donor Site

Following the first pre-application meeting on 17 January 2013, officers requested that a further assessment be provided which contained a

Detailed assessment should be submitted demonstrating no other suitable sites within the ward (or adjoining wards) are capable of providing new residential/secondary uses accommodation, typically by way of a change of use.

Farebrother were therefore instructed by the applicant to conduct a detailed search to establish the availability of suitable premises. This report summarises the findings of the search and encompasses four main issues, as follows:

1. The details of the search parameters
2. Search methodology and approach;
3. The results of the search
4. An assessment of the options in terms of their viability and suitability.

Farebrother are a firm of Chartered Surveyors who specialise in the Midtown area of Central London, within which this search area falls. The firm has been in existence for over 200 years and is generally regarded as the leading agency in this part of London. The firm is incredibly active in terms of transactional and consultancy activity and as a result has a thorough and in depth understanding of the market.

Approach & Methodology

i. The Search Parameters

The requirements of the search were as follows:

In the first instance, properties that are located within the boundaries of the Ward of Holborn and Covent Garden were considered. The Ward map is provided in Appendix A.

On the basis that no suitable sites were found within the Holborn & Covent Garden Ward, the adjoining wards of King's Cross and Bloomsbury were considered.

ii. Search Criteria

The property should provide, or be capable of providing, circa 594sqm (GEA) (6,394 sqft) of residential accommodation. This represents 50% of the proposed increase in floor area, as required by Policy DP1.

In order to make sure opportunities of both this size and below were captured, the size range for the search was extended downwards to include buildings of between 50% and 100% of the requirement. In this way the report does not exclude the potential of securing more than one site to provide all of the floorspace required. However clearly an approach which involves purchasing more than one site has fundamental viability implications which are discussed later in this report.

The building should be in non-residential use with the potential for change of use and conversion to residential. All qualities of building were considered

Both freehold and long leasehold properties were considered

iii. Search Methodology & Approach

In order to ensure that all options were covered, the search of the market was undertaken using the following processes:

- Costar/Focus – A full search of the area, including all property types, was undertaken using this comprehensive database. Costar is now recognised as being the market leader, particularly in Central London, of external property databases for the commercial property sector.
- EGi – A full search of the area, including all property types, was undertaken using this database.

- Westendagents.com / cityagents.com – This is an emailing and property advertising system that almost all Central London commercial property agents subscribe to. The databases are used to advertise both property to let and for sale and also to post requirements around the market. When a requirement gets posted on the database, an email with all the necessary information is sent to all subscribers. Across both systems, this amounts to well in excess of 600 property agents. An email, setting out all the relevant criteria, was sent out on both systems.
- EACH – A search of the area, including all property types, was undertaken using the Estates Agents Clearing House (EACH) database. Having previously been only a mailing system, EACH now offers an electronic database of all entries making searching their database much quicker and easier.
- Commercial Property Register (CPR) – The CPR is a publication that is produced on a quarterly basis and is sent directly to over 10,000 occupiers across Central London. The publication includes adverts, editorial and a large number of listings of available property. The properties are listed in the publication at a cost to the advertiser and the magazine is sent to the occupiers free of charge. A full search of all current listings within the search area was undertaken.
- Farebrother internal property databases and general market knowledge –internal, self maintained databases. All were thoroughly searched, using the relevant criteria, to uncover any possible options. By utilising a Central London agent, specialising in the area of search Farebrother are confident that all options will have been identified.

Search Results

The table below shows the results of the search within the **Holborn & Covent Garden Ward:-**

PROPERTY	POST CODE	DEMISE	TOTAL AREA SQ FT	GRADE	AMENITIES	TENURE	POSSESSION	VENDOR	PRICE	COMMENTS
30-32 Gray's Inn Road, WC1	WC1	Basement, ground plus six upper floors	9,743	B	N/A – the building has been stripped to shell	FH	Immediate	Holbud Investments Ltd	£6,000,000	Currently vacant. Owners are working up a residential planning application having failed sell at the quoted price. Current use is B1 office. The building is substantially larger than required and is therefore valued accordingly. The change of use and loss of offices as result may not be supported by Camden. Cost far outweighs any profit available in this development and therefore is unaffordable
54 Hatton Garden, EC1	EC1	Lower Ground, Ground plus five upper floors	7,505	A	VRV heating and cooling, raised floors throughout, 1 x 8 person passenger lift	FH	Immediate	Marldon	£4,250,000	Very good quality office building which is fully let so not currently available for conversion to residential use. Upper floor lease expiries range from August 2013 to December 2014 although Ground & Lower Ground run to July 2018 (with a tenant only break option in Jan 2014). Freehold, new build 2008. Possible to obtain vacant possession in 2014 the cost far outweighs any profit available in and therefore is unaffordable. The change of use and loss of offices as result may not be supported by Camden.
14 Greville Street, EC1	EC1	Lower Ground, Upper Ground, First to Third floors.	13,466	A/B	Air cooling, passenger lift, serviced office centre	FH	Immediate	Workspace	£5,000,000	Was fully refurbished in 2008 and operates, as a serviced office centre. Existing office use in established office area. With the exception of a small unit the space is fully occupied, albeit on short term licences. Cost far outweighs any profit available in this development and therefore is unaffordable. The building is substantially larger than required and is therefore valued accordingly.

PROPERTY	POST CODE	DEMISE	TOTAL AREA SQ FT	GRADE	AMENITIES	TENURE	POSSESSION	VENDOR	PRICE	COMMENTS
										The change of use and loss of offices as result may not be supported by Camden.
23-27 Hatton Wall, London EC1	EC1	Lower ground, ground plus three upper floors	7,040	B	Mechanical ventilation	FH	Immediate	Private	£2,700,000	A mixed used property offering restaurant/wine bar premises (A3) on basement, ground and first floors with a large three bedroom duplex apartment over second and third floors. An application has been submitted to change the A3 use to B1 and the premises are offered with vacant possession. The property is currently under offer at just over £2.3 million.
21 Ely Place, London EC1	EC1	Lower Ground, ground and four upper floors	4,238	B	Comfort cooling, perimeter trunking	FH	Immediate	LPA Receivers	£2,600,000	B1 office property that is offered with vacant possession. The property is in the hands of a LPA receiver. The previous owners made an application for change of use to residential in 2002 which was refused. The building is situated in a private street which is entirely made up of office buildings meaning a change of use is highly unlikely.
14-15 Great James Street, London WC1	WC1	Lower ground, ground and three upper floors	6,940	B	Central heating, perimeter trunking, Grade II listed	FH	Immediate	Federation of Master Builders	£5,750,000	The property is a B1 office Grade II listed building that is being offered with vacant possession after the owner occupiers bought a new building and vacated. The property is situated in an area that has a mix of office and residential property. Price far exceeds anything that the development can support.
16 John Street, London WC1	WC1	Lower ground, ground and three upper floors	3,500	B	Central heating	FH	Immediate	Black Orchid Ltd	£3,500,000	A vacant B1 office building. The building previously had full planning permission for change of use to residential to create a single family dwelling. This permission expired in

PROPERTY	POST CODE	DEMISE	TOTAL AREA SQ FT	GRADE	AMENITIES	TENURE	POSSESSION	VENDOR	PRICE	COMMENTS
										June 2009. The property is too small and will therefore make little contribution given the total floor space required. Another site would need to be secured which would not be financially viable when considering the valuation of this site alone.

The table below shows the results of the search within the **King's Cross & Bloomsbury Wards** –

PROPERTY	POST CODE	DEMISE	TOTAL AREA SQ FT	GRADE	AMENITIES	TENURE	POSSESSION	VENDOR	PRICE	COMMENTS
44 Wicklow Street WC1	WC1	Lower ground, ground and three upper floors	12,172	B	Air conditioning Raised Floors Good floor to ceiling height	FH	Immediate	Private	£5,500,000	Currently vacant. Current use is B1 office. The building is substantially larger than required and is therefore valued accordingly. The change of use and loss of offices as result may not be supported by Camden. Cost far outweighs any profit available in this development and therefore is unaffordable

Summary

In conclusion, as can be seen from the above, none of the properties that have been identified meet the required criteria. All are within the designated search area, but the properties are either too expensive, not big enough or are likely to remain in office use and as such change of use to residential may not be appropriate in any event. There are currently no cleared sites that might be suitable.

There is currently very little property available and with interest rates low and demand high, both from developers and owner occupiers, prices are being maintained at a high level. As a result the acquisition of the properties identified is totally unviable when considered in the context of the viability appraisal submitted with the application.

(Note : The above figures do not take account of the additional costs of constructing the residential units which we have market tested at an average cost of £1,000.00 per Sq.Ft)

Conclusions

This report has been prepared to respond to the requirements of Policy DP1 of the London Borough of Camden's Development Policies Document. This requires the provision of on-site residential accommodation on a 50:50 ratio when more than 200sqm of new commercial floorspace is proposed. In this instance the applicant would need to provide 594sqm.

This report confirms that the applicant does not own any other buildings within the administrative boundary of Camden which could be used to provide the requisite residential accommodation.

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APPENDIX A - WARD BOUNDARY MAPS



Ward map



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Scale 1: 45000

#Map for Internal Use Only#

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