

Address:	Clifford Pugh House, 5-7 Lancaster Grove, NW3 4HE		2
Application Number:	2015/2366/P	Officer: David Peres Da Costa	
Ward:	Belsize Ward		
Date Received:	24/04/2015		
Proposal: Erection of six storey building (including basement and accommodation in roof space) to provide 15 flats (Class C3) (7x 1-bed, 1x 2-bed, 4x 2-bed and 3x 3-bed) with erection of glazed veranda, 2 gazebos, and store to garden and front boundary wall, following demolition of existing student accommodation (Class Sui Generis) and front boundary wall.			
Background Papers, Supporting Documents and Drawing Numbers:			
1409;_4000 P1; 2002 P1; 2001 P1; 5010; 5009; 5008; 5007; 5006; 5005; 5004; 5003; 5002; 5001; 1999 P1; 3500; 2000; 1999; 1500; 1002; 1001; 1000; 4001;			
Basement Impact Assessment Audit prepared by Campbell Reith dated August 2015; Independent Viability Review – Interim Report prepared by BPS dated 3 rd July 2015; Independent Viability Review – Addendum prepared by BPS dated 19 th October 2015; Surface Water Drainage Proforma prepared by Lyons O’Neill dated 22/07/15; ASHP Noise Impact Assessment prepared by Sound planning dated 21 st July 2015; Affordable Housing Statement prepared by Douglas Birt Consulting dated May 2015; Report on Community Engagement prepared by gka dated February 2015; Planning statement prepared by Paultcarter Planning dated April 2015; Heritage Statement prepared by Turley dated October 2014; Ground Conditions Desk Study Report and appendices prepared by Hydrock dated 19 th December 2013; Flood risk assessment prepared by three counties flood risk assessment dated 2 October 2014; Sustainability and Energy Strategy Report prepared by Syntegra Consulting dated 29 th August 2014; Daylight, Sunlight & Overshadowing prepared by Syntegra Consulting dated 9.09.2014; Design and Access Statement prepared by JPA dated April 2015; Basement Impact Assessment prepared by Lyons O’Neill dated 16 th October 2014; Landscape & Ecology prepared by Studio Engleback dated September 2014; 358/P/1003 rev B; 358/P/1002 rev A; 358/P/1001 rev A; 358/P/1000 rev B			
RECOMMENDATION SUMMARY: Grant conditional planning permission subject to a Section106 legal agreement			
Applicant: OpticRealm Ltd		Agent: John Pardey Architects	
313-315 Caledonian Road, London, N1 1DS		Beck Farm Studio, St Leonards Road, Lymington, Hampshire, SO41 5SR	

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ANALYSIS INFORMATION

Land Use Details:			
	Use	Use Description	Floorspace

	Class		
Existing	SG	<i>Sui Generis (Student accommodation)</i>	967m ²
Proposed	C3	<i>Dwellinghouses</i>	1539.5m ²

2 Residential Use Details:										
	Residential Type	No. of Bedrooms per Unit								
		1	2	3	4	5	6	7	8	9+
Existing	<i>Flat/Maisonette</i>									
Proposed	<i>Flat/Maisonette</i>	7	5	3						

Parking Details:		
	Parking Spaces (General)	Parking Spaces (Disabled)
Existing	1	
Proposed	0	

OFFICERS' REPORT

Reason for Referral to Committee: Major development involving the construction of more than 10 new dwellings [Clause 3 (i)].

1. SITE

- 1.1. The site is a detached 4 storey building (with attic accommodation) on the north side of Lancaster Grove. Originally a pair of semi-detached dwellings, the building was last used by University College London as residential accommodation for post-graduate students, with a total of 42 bed-spaces over five floors.
- 1.2. The building is a mid/late 19th century villa block, but has been substantially rebuilt following war damage and now has a utilitarian frontage, devoid of the 19th C ornamentation, but retaining its essential proportions. The surrounding area is residential and is characterised by semi-detached and detached 19th century villas.
- 1.3. The property falls within the Belsize Conservation Area but is neither listed nor identified as a positive contributor.

2. THE PROPOSAL

Original

- 2.1 Planning permission is sought to demolish the existing building and to erect a 6 storey replacement (including accommodation at lower ground floor, basement and within the roof space) to provide 15 flats (7x 1-bed, 5 x 2-bed and 3x 3-bed). The garden would be landscaped and 2 timber gazebos separated by a glazed roof are proposed towards the rear of the garden.

Revision

- 2.2 The proposal was revised to provide an entrance at lower ground floor level with step free access in order to meet lifetime homes standards. As a result the cycle parking at lower ground floor level has been relocated to basement level. The entrance ramps have also been revised so that they conform to the applicable standard. The size of the front dormers has been reduced to improve the appearance of the front elevation.

3. RELEVANT HISTORY

- 3.1. **6916:** Change in the external appearance in the reinstatement after war damage of Nos. 5 and 7 Lancaster Grove. Granted 24/09/1956

- 3.2. **2014/7416/P**: Change of use and conversion from student accommodation to provide 8 flats (Class C3) (2 x 1-bed, 4 x 2-bed, 2 x 3-bed), including replacement windows, installation of doors on front and side elevations, and installation of photovoltaic panels at roof level. Granted Subject to a Section 106 Legal Agreement (to date the legal agreement has not been signed)

4. CONSULTATIONS

Statutory Consultees

4.1. Thames Water

- 4.2. With regard to sewerage infrastructure capacity, Thames Water has confirmed they would have no objection. They advise a piling method statement should be provided to the local planning authority prior to any piling to prevent and minimise the potential for damage to subsurface sewerage infrastructure. A condition would be included to secure this information.

4.3. Historic England

- 4.4. Historic England advised that it was not necessary for this application to be notified under the relevant statutory provisions.

Conservation Area Advisory Committee

- 4.5. Belsize CAAC have provided the following comment on the application: *The proposed building as viewed from the street is on the same building line as the existing building, and corresponds to it in height and width. The building materials should harmonise with other houses in the street and the style of the building also refers to the classic paired villas in Belsize, though in a pared down, modern way. However, the bays at the rear are quite large at ground floor level, (though they diminish as they get higher) and thus decrease the size of garden at the back compared to those of the older buildings. Overall, if the bulk of the rear bays could be diminished, no objection.*

Local Groups

4.6. Parochial Church Council of St Peter's

- 4.7. St Peter's church provides a landmark in Belsize Park and Belsize Square. The proposed new building would be out of keeping with the character of Lancaster Grove and the Conservation Area because a 6 storey building would be too large in a road where no other domestic building has that number of storeys. It would be too dominant visually and would break the roof-line of the existing buildings in the road. We are concerned the proposed building would obscure the view of St Peter's church tower from Crossfield Road. Increased volume of traffic in Lancaster Grove is a potential risk to the safety of young children who use the road to walk between school premises.

4.8. Adjoining Occupiers

<i>Number of letters sent</i>	59
<i>Total number of responses received</i>	10
<i>Number in support</i>	0
<i>Number of objections</i>	10

4.9. A site notice was displayed from 20/5/15 to 10/6/15 and the application was advertised in the local paper on 21/5/15.

4.10. Ten neighbours including occupiers in the adjoining property (Gabrielle Court), Belsize Square, Lancaster Grove and Eton Avenue have objected to the application. The issues raised are as follows:

- Structural and decorative damage from demolition and basement excavation
- Conditions should require the developer to carry out a detailed structural survey of our building including the installation of movement monitors
- Front will extend further into the garden than before and beyond the alignment of the existing houses on the street. The existing alignment should be maintained in order to protect the continuity and integrity of Lancaster Grove frontages.
- The footprint at the rear projects beyond the existing footprint and the rear of the adjacent building at 9-11 Lancaster Grove.
- It is 2 floors higher at the back.
- A six storey building in this particular place would disfigure the area and would obstruct views of trees and St Peter's church
- Massive overdevelopment
- Development would cause major harm to a historically significant part of Camden.
- Undermines the conservation area
- It does not seem appropriate for a space formally occupied by a single dwelling to be filled by a block that could potentially accommodate nearly 50 people.
- The new building would provide no increase in habitable space and no identifiable heritage benefit to the conservation area.
- The proposal for 15 self-contained dwellings would result in a reduction in habitation from the existing 50-52 bedrooms
- Would it not be better and less disruptive for the property to be re-developed internally only?
- Loss of sunlight to Gabrielle Court
- Larger rear windows will inevitably affect the privacy of the residents directly opposite.
- Increased demand for parking spaces
- It will attract yet more traffic and result in an increased risk to accidents to the youngsters attending schools in the area; the building is opposite the busy junction with Crossfield Road
- Disruption, dust, debris, air pollution and intolerable noise during demolition and rebuilding.

5. POLICIES

5.1. National and regional policy

5.2. NPPF 2012

Paragraphs 14, 17, 30, 49, 56-66, 126-141 and 173

5.3. The London Plan March 2015, consolidated with alterations since 2011

Policy 3.3 Increasing housing supply

Policy 3.4 Optimising housing potential

Policy 3.5 Quality and design of housing developments

Policy 3.8 Housing choice

Policy 3.10 Definition of affordable housing

Policy 3.11 Affordable housing targets

Policy 3.12 Negotiating affordable housing on individual private residential and mixed use schemes

Policy 5.1 Climate change mitigation

Policy 5.2 Minimising carbon dioxide emissions

Policy 5.3 Sustainable design and construction

Policy 5.7 Renewable energy

Policy 5.11 Green roofs and development site environs

Policy 5.13 Sustainable drainage

Policy 6.9 Cycling

Policy 6.13 Parking

Policy 7.2 An inclusive environment

Policy 7.3 Designing out crime

Policy 7.4 Local character

Policy 7.5 Public realm

Policy 7.6 Architecture

Policy 7.8 Heritage assets and archaeology

Policy 7.14 Improving air quality

Policy 7.15 Reducing noise and enhancing soundscapes

5.2 LDF Core Strategy and Development Policies

Core Strategy Policies

CS1 Distribution of growth

CS5 Managing the impact of growth and development

CS6 Providing quality homes

CS11 Promoting sustainable and efficient travel

CS13 Tackling climate change through promoting higher environmental standards

CS14 Promoting High Quality Places and Conserving Our Heritage

CS15 Protecting and improving our parks and open spaces & encouraging biodiversity

CS18 Dealing with our waste and encouraging recycling

CS19 Delivering and monitoring the Core Strategy

Development Policies

DP2 Making full use of Camden's capacity for housing
DP3 Contributions to the supply of affordable housing
DP5 Homes of different sizes
DP6 Lifetime homes and wheelchair homes
DP9 Student housing, bedsits and other housing with shared facilities
DP16 The transport implications of development
DP17 Walking, cycling and public transport
DP18 Parking standards and limiting the availability of car parking
DP20 Movement of goods and materials
DP22 Promoting sustainable design and construction
DP23 Water
DP24 Securing high quality design
DP25 Conserving Camden's heritage
DP26 Managing the impact of development on occupiers and neighbours
DP27 Basements and lightwells
DP28 Noise and vibration
DP31 Provision of, and improvements to, public open space and outdoor sport and recreation facilities

5.3 **Supplementary Planning Policies**

Camden Planning Guidance 2013-15

CPG1 Design

CPG2 Housing

CPG3 Sustainability

CPG4 Basements and Lightwells

CPG6 Amenity

CPG7 Transport

CPG8 Planning obligations

Belsize Conservation Area Statement

6. **ASSESSMENT**

6.1. The main considerations subject to the assessment of this planning application are:

- Land Use
- Design, Conservation and Heritage
- Basement
- Affordable Housing
- Quality of residential accommodation
- Neighbouring amenity
- Transport
- Sustainability
- Trees and landscaping
- Planning Obligations

6.2. **Land use**

6.3. The property was last used as 38 studio rooms and 4 self-contained studios, providing post-graduate accommodation to University College London. Camden

resolved to grant planning permission 12/03/15 for the change of use and conversion from student accommodation to provide 8 flats (Class C3) (2 x 1-bed, 4 x 2-bed, 2 x 3-bed) subject to a legal agreement (ref: 2014/7416/P). Whilst the legal agreement has not been signed, the principle of the loss of student housing and the conversion to permanent residential accommodation has been accepted by the previous application. That is to say, the criteria of policy DP9 (Student housing, bedsits and other housing with shared facilities) have been met and housing is the priority land use within Camden. The subject property is also located in a residential area which is also highly accessible.

6.4. **Design, Conservation and Heritage**

- 6.5. Section 72 of the Planning (Listed Buildings and Conservation Areas) Act 1990 requires the Council to pay special attention to the desirability of preserving or enhancing the character of the Conservation Area when determining planning applications in relation to land in conservation areas.
- 6.6. The property falls within the Belsize Conservation Area, however it is not identified as a positive contributor. The existing building dates from the mid-19th century and planning permission was granted in 1956 for changes to the external appearance in reinstatement after war damage (planning ref: 6916). The alterations to the front façade are unsympathetic and have a neutral value in the conservation area context. The building has lost the majority of its architectural decoration. However the overall built form, the roof and materials remain as clear indicators of the building's history. In addition, the retained elements of the building envelope reinforce its footprint, overall height and form, and the general use of materials result in the building making a partial contribution to the conservation area. Overall whilst some aspects of the existing building contribute positively to the Conservation Area, unsympathetic post-war alterations have a neutral effect on the Conservation Area. Given this context, there would be no objection to the principle of demolition, subject to an acceptable replacement building.
- 6.7. The replacement building would have a contemporary appearance. It would have an inverted partial symmetry with front projecting bays and an off-centre door. The main entrance would be approached, as with all the original villas on Lancaster Grove, by a flight of steps. The design refers to the classic paired villas in Belsize, though in a pared down, modern way. A central raised parapet/chimney has been incorporated following pre-application feedback. This roofscape feature is characteristic of nearby properties and is welcomed. The height of the proposed building (roof ridge) would be slightly lower (1.35m) than the height of the existing building and would be in keeping with the height of neighbouring buildings. The front elevation at ground and lower ground floor and the bays (front and rear) would be finished in reconstituted stone. The roof would be finished in natural slate and would include dormer windows with inset roof terraces at front and rear. The dormers would be more than 0.5m below the roof ridge. The front dormers have been revised so that they would be set in from the hip by 0.5m. The rear and side roof extensions are not in the style of traditional dormers and would meet at the hip rather than be set in. However, they would not be prominent within the context of the wider conservation area and would have a sympathetic relationship to the contemporary appearance of the replacement building. The design of the proposed

building would be sympathetic to Lancaster Grove and the development is considered to be of high quality which would enhance the conservation area.

- 6.8. The supporting text for policy DP25 states the Council must be satisfied that there are acceptable detailed plans for the redevelopment before permission for demolition is granted. Any replacement building should enhance the conservation area to an appreciably greater extent than the existing building. When a building makes little or no contribution to the character and appearance of a conservation area, any replacement building should enhance the conservation area to an appreciably greater extent than the existing building. The size and design of the replacement building would reflect the character of the neighbouring semi-detached pairs. As indicated above the proposed replacement is considered to be high quality and would enhance the conservation area.
- 6.9. Belsize CAAC have commented on the size of the rear bays (which result in a decrease in the size of the garden) and have advised they would have no objection provided the bulk of the bays is reduced. It is acknowledged the footprint of the proposed scheme would be larger than existing and would project further into the garden. The lower ground floor would extend 6.98m beyond the existing building's rear elevation. However, the increase in bulk at the rear would be at lower ground floor level and so would not be highly visible. The increased footprint would still allow for a substantial garden with a depth of 15.8m. The footprint at upper ground floor and first floor would be significantly less than the lower ground floor (extending 3.26m beyond the main rear elevation) and would have the appearance of a projecting bay. At upper ground and first floor level, the flats would extend 3.82m beyond the existing building's rear elevation, 3.26m beyond the neighbouring semi-detached pair 9-11 Lancaster Grove but would be set back from the rear elevation of Gabrielle Court. The proposed footprint of the projecting bays at upper ground and first floor level act as a transition between the rear footprint of 9-11 Lancaster Grove and the footprint of Gabrielle Court. Overall, the bulk of the projecting bays and lower ground floor would be considered acceptable. The windows and doors would be powder coated metal with a light grey finish. Details of materials would be secured by condition.
- 6.10. The rear garden would have two timber pergolas separated by a pitched glazed roof (14.3m by 3.3m) supported on 2.4m high timber posts. The pitched roof pergolas would be 4.5m in height with an eaves height of 3m. The pergolas would be visible from neighbouring gardens, but as they are open structures (open timber roof supported by posts) they would not detract from the garden setting. Moreover pergolas would not be out of keeping in a rear garden and the wooden structures would provide a framework for the proposed vines contributing to the greenery in the rear garden. Overall, the timber pergolas separated by glazed roof are considered to add visual interest to the landscaped garden. The rear garden would have a 1.8m high timber fence around it.
- 6.11. **Basement**
- 6.12. Unlike neighbouring properties on Lancaster Grove, the existing property does not have a lower ground floor. Excavation is proposed to provide both a lower ground floor and a basement below this. The total depth of excavation would be 3.75m from ground level. The footprint of the basement is 381.35sqm. In accordance with

policy DP27 (Basements and Lightwells), the applicant has submitted a basement impact assessment (BIA). The BIA has been independently assessed. The independent audit accepts that the development will not impact groundwater flow and will not significantly alter the existing surface water drainage conditions. The BIA Ground Movement Assessment states that any damage to the neighbouring properties will be Burland Category 1 or less. The independent audit has not been able to validate these results as the ground movement analysis had not yet considered the additional vertical ground movements from unloading due to demolition, unloading due to excavation of the basement, and the subsequent reloading when the new building is built. However the BIA includes a monitoring regime which would ensure that movement stays within the limits defined by the BIA.

- 6.13. All items of temporary works and surrounding structures would be monitored in a manner and frequency commensurate with the construction activity taking place. As a minimum the monitoring would include a daily full visual survey of all temporary works and surrounding structures, and a twice weekly measured survey of the existing structure using fixed survey points to be agreed with the Party Wall Surveyors.
- 6.14. Should the monitoring demonstrate movement approaching or exceeding the limits of predicted movements, remediation measure would be required. That is to say, if settlement recorded approaches the predicted movements, the construction sequence would be reviewed. If settlement recorded were to be above the predicted movements construction works would immediately cease and temporary props installed or excavated material would be reinstalled to prevent any further movement. These measures would be kept in place until such time as the engineer deems them suitable to be removed.
- 6.15. The independent audit concludes the proposals are such that it should be possible to limit damage to no greater than Category 2 using standard construction techniques. Further, the BIA audit accepts that this can be controlled under the Party Wall Act. The BIA refers to a movement monitoring regime of the adjacent properties during construction. The independent audit confirms this should be provided. This will be secured via a condition requiring the scheme to be implemented in accordance with the submitted BIA.
- 6.16. **Housing mix**
- 6.17. The development would provide 7x 1-bed (including a flat designed for wheelchair use), 5 x 2-bed and 3x 3-bed flats. Policy DP5 (Homes of different sizes) seeks to ensure that all new housing is provided in line with the housing priorities for the borough. Two bedroom units are identified as a very high priority, 3-bedroom dwellings are a medium priority and 1-bedroom flats are a lower priority. The majority of the proposed units would be either very high priority or medium priority. The provision of five 2-bed flats which are very high priority accords with policy DP5. The development also contributes to the creation of mixed and inclusive communities by containing a mix of large and small homes overall.
- 6.18. **Affordable Housing**

- 6.19. The Council expects all residential developments with a capacity for 10 or more additional dwellings to make a contribution to the supply of affordable housing. The Council will negotiate the development of individual sites and related sites to seek the maximum reasonable amount of affordable housing on the basis of an affordable housing target of 50% of the total addition to housing floorspace, but will apply the target with regard to a sliding scale from 10% for developments with capacity for 10 dwellings to 50% for developments with capacity for 50 dwellings (policy DP3). Where a proposed development would not meet the Council's affordable housing target, we will expect submission of a financial viability appraisal to justify the proportion of affordable housing proposed.
- 6.20. The application scheme would provide 15 units and would have a GEA of 1,733sqm. On the basis of the sliding scale, this leads to a 17% affordable housing requirement which would equate to the provision of 1-2 units of on-site affordable housing or should that be impractical, an affordable housing payment in lieu of £780,717.
- 6.21. The applicant has provided an affordable housing viability statement. The Council has had this appraisal independently verified. The applicant has also subsequently confirmed they intend to provide the apartments as private rented sector (PRS) units. Rented units are generally accepted as generating a lower market value when compared to sale due to enhanced management costs, agent's fees, letting costs and the risk of rental voids. It is therefore reasonable to reflect the financial impact of lettings compared to sales in the viability assessment provided there are safeguards to ensure that the units are not simply sold at a later date without an adjustment in affordable housing contribution.
- 6.22. The applicant's development model is based on a build to rent approach across its estate and consequently the applicant has confirmed that they would restrict the use of the apartments to private rent (by restricting the tenancies to Assured Shorthold Tenancies). This would be secured via legal agreement to ensure the units remain in PRS use. Conversely if the units are sold within an agreed timeframe this would give rise to a further potential contribution to affordable housing. A 7 year timeframe has been agreed with the applicant.
- 6.23. Whilst PRS is not regarded as providing an affordable housing product, its introduction has been welcomed and encouraged by the government and GLA as bringing institutional investment into the rented housing market thereby broadening supply, choice and quality for households.
- 6.24. The independent viability review has advised that 7 years is at the upper limit of the timeframe that the flats could be secured for PRS use. The lock in for PRS use would increase the risk of the development. That is to say, the development is predicated on achieving certain rental values. If these rental levels are not achieved, the applicant would still be locked into providing PRS flats and the applicant would be forced to wait a significant period of time before being able to sell the flats. A bank or lending organisation would perceive the inclusion of a timeframe requiring PRS units as increasing their risk with the level of risk increasing with the length of the lock in. Therefore beyond 7 years, it would be perceived as extremely risky, with the lender concerned that should the developer default they would be left with the same restriction. In addition to having to accept

the risk of the potential erosion in the value of their investment, the land owner would still be required to pay the Council an affordable housing contribution if a sale was made within the first 7 years.

- 6.25. The independent consultant accepts that a payment in lieu of £311,000 represents the maximum contribution that can reasonably be delivered by a PRS scheme. The independent viability review and the subsequent addendum to the review are both attached to this report.
- 6.26. On-site contributions to affordable housing offer the best prospect for mixed and inclusive communities. Given the Council's expectation that affordable housing contribution will be made on site in the first instance, the provision of on-site affordable housing has been explored. The Council's Affordable Housing Development Co-ordinator accepted that a social rent or shared ownership unit would not be viable in this context due to the economics of such provision for any Registered Provider. Therefore, the option of providing one of the units as intermediate rent has been explored.
- 6.27. Unit 3 at lower ground floor has its own separate access. However this has been designed as a wheelchair unit and therefore has a larger floorspace and so a higher rent. There would be also be difficulties in re-providing the wheelchair unit elsewhere in the building as the wheelchair flat requires more floorspace than the proposed 1-bed flats and they are not interchangeable.
- 6.28. The possibility of providing unit 4 as an intermediate rent unit has also been explored. However, this was also discounted as it was not possible for this upper ground floor unit to have its own separate access without compromising the design of the street elevation. The occupants of any affordable unit would, if they shared the same core as the private occupants, be required by law to have to pay the same service charges for lifts, maintenance, security etc. Given the nature of the scheme and the high service costs involved (£3500 per annum) this would add significantly to the overall weekly rent of any intermediate unit and reduce its affordability.
- 6.29. The applicant has investigated whether off-site affordable housing could be provided within any of their properties in Camden. However, there are currently no vacant units in Camden. The applicant's tenants occupy for 4-5 years on average with some staying up to 9 years and they are offered tenancy agreements of 1-5 years initially, with the right to extend. Given this, there would be unlikely to be any vacant flats which could be converted to off-site affordable housing in the foreseeable future. It is also noted that any off-site affordable housing would also need to have a separate access so as to minimise the service charge.
- 6.30. For the reasons set out above the provision of either on-site or off-site affordable housing would not be feasible in this instance and a payment in lieu would therefore be acceptable. The Council seeks to negotiate deferred affordable housing contributions for developments where the provision of housing/ affordable housing falls significantly short of targets due to financial viability, and there is a prospect of viability improving on completion. The deferred contribution would be capped at the shortfall between the agreed payment in lieu (£311,000) and a policy compliant affordable housing payment in lieu of £780,717. A Head of Term would

therefore be included in the section 106 for a review mechanism at 1 year after completion or upon full occupation (whichever is earliest) of the PRS flats to assess whether a deferred affordable housing contribution would be required. This would be based on the toolkit appraisal and the capital value of the development based on the rents for the 1st year. If, all other things being equal, the gross rents exceeded £525.699 then a further contribution to affordable housing would be required. The deferred contribution would be 50% of any surplus.

6.31. Quality of accommodation

6.32. The development would provide two 3-bed (5 person) flats over lower ground and basement floor (each with floorspace of 153.5sqm). At upper ground floor level 3 flats would be provided consisting of a 1-bed flat (50sqm), a 2-bed flat for occupancy by 4 persons (70sqm) and a 3 bed flat (103sqm). At first floor 4 flats would be provided (two 1-bed flats (50sqm) and two 2-bed flats for occupancy by 4 persons (70sqm)). At second floor level 3 flats would be provided: a 1-bed (50sqm), a 2-bed for occupancy by 4 persons (77.5sqm) and a 2-bed for occupancy by 3 persons (62.5sqm). Two 1-bed flats (54sqm) would be provided at attic level.

6.33. All the flats would meet or exceed the National Space Standards. The nationally prescribed space standards replaced the existing space standards used by each separate local authority. Likewise, all double bedrooms would exceed the National Space Standards (11.5sqm). All the flats would be dual aspect and there would be communal refuse stores (with external access) at ground floor level.

6.34. The two flats over basement and lower ground floors would have a living and dining room opening onto a basement lighwell (6m by 2.5m) and lit from lower ground floor windows above (the front part of the basement would be a double height space). Whilst the basement rooms would have poor outlook, the flats lower ground floor rooms would look out onto the garden and so overall an acceptable outlook would be provided for these flats.

6.35. Ten of the units would have private amenity space most in the form of terraces and two flats with sunken gardens. There would also be a large communal garden at the rear of the property.

6.36. Lifetime Homes

6.37. The applicant has submitted a Lifetime Homes statement (within the design and access statement) which indicates the development fully complies with all 16 of the Lifetime Homes criteria. A lift would provide access from basement to attic floor. Lifetime Homes has been superseded by Part M4 (2) of the Building Regulations (1st October 2015). M4 (2) is similar to lifetime homes but requires totally step free housing. Compliance with M4 (2) would be secured by condition.

6.38. Policy DP6 requires 10% of homes to meet wheel chair housing standards. Therefore one dwelling would need to be designed to be easily adaptable for wheelchair users. A fully wheelchair accessible 1-bed flat is shown on the lower ground floor level. This would be required to meet Part M4 (3) of the Building Regulations and this would be secured by condition. This provision meets the wheelchair housing requirement of policy DP6.

6.39. Amenity

6.40. The height of the proposed redevelopment building would be no higher than the existing building. The footprint at the rear would extend beyond the existing footprint. At lower ground floor level, the flats would extend 6.98m beyond the existing building's rear elevation, 6.42m beyond the neighbouring semi-detached pair 9-11 Lancaster Grove and 2.5m beyond the rear elevation of Gabrielle Court, 1-3 Lancaster Grove. At upper ground and first floor level, the flats would extend 3.82m beyond the existing building's rear elevation, 3.26m beyond the neighbouring semi-detached pair 9-11 Lancaster Grove but would be set back from the rear elevation of Gabrielle Court.

6.41. The application is supported by a daylight and sunlight report. In terms of daylight and sunlight BRE considers that a reduction in daylight or sunlight of less than 20% is not likely to be materially noticeable to occupiers of buildings. The Vertical Sky Component on the surfaces of neighbouring buildings and the Annual Probable Sunlight Hours would not be less than 20% its former value. Likewise, the percentage of the garden of Gabrielle Court receiving sunlight would not be less than 20% its former value

6.42. The report demonstrates that the effect on the neighbouring properties (Gabrielle Court 1-3 Lancaster Grove and 9-13 Lancaster Grove) would be negligible in terms of daylight, sunlight or overshadowing.

6.43. There would be a substantial distance between the amenity terraces and both the neighbouring properties (approx.9.5m to Gabrielle Court and approx.11m to 9 Lancaster Grove). As Gabrielle Court projects further into its rear garden its rear elevation could only be viewed at an oblique angle from the upper ground floor terrace. Given the separation between the terrace and 9 Lancaster Grove as well as the oblique angle from the rear of the terrace to the neighbouring windows at this property the proposed terraces at upper ground and 2nd floor would be unlikely to give rise to harmful overlooking or loss of privacy. There would be 19m separation between the proposed upper ground floor and the rear boundary with the properties on Belsize Square. The properties on Belsize Square also have substantial gardens and the rear elevation of the properties on Belsize Square is 44m from the existing rear elevation of the subject property. Whilst the proposed upper ground and first floor level would extend 3.82m beyond the existing building's rear elevation and would have an increased amount of glazing, given the significant separation between the host property and the neighbouring properties at the rear there would be no loss of privacy to these properties.

6.44. Transport

6.45. Development policy DP18 states that the Council seeks to ensure that developments provide the minimum necessary car parking provision. The Council expects development to be car free in the Central London Area, the town centres of Camden Town, Finchley Road/Swiss Cottage, Kentish Town, Kilburn High Road and West Hampstead, and other areas within Controlled Parking Zones that are easily accessible by public transport. The site is located in the Belsize Park Conservation Area and the Belsize controlled parking zone (CA-B) which operates

between 0900 and 1830 hours on Monday to Friday and 0930 and 1330 on Saturday. In addition the site has a PTAL rating of 6a (excellent) which means it is highly accessible by public transport. As such, a legal agreement should be sought to ensure the development is car free. This will ensure that future occupiers will not be eligible for parking permits. The building has an existing hard standing where a car could be parked. Since UCL have vacated the building the parking space is no longer required. The proposal would landscape the existing hard standing and include small additional sections of boundary wall.

- 6.46. Camden expects development to provide cycle parking facilities in accordance with the minimum requirements of the London Plan (March 2015). The proposed residential development consists of 7 units with 1 bedroom and 8 units with 2 bedrooms or more. Therefore 23 cycle parking spaces are required to meet the London Plan's minimum cycle parking requirement.
- 6.47. Cycle parking for 24 cycles is provided within a basement cycle store which would be accessible via a lift. The number of cycle spaces is consistent with the London Plan requirement. The two tier Josta stands would be 0.65m apart and would conform to the Council's requirements set out in CPG 7 Transport. A condition will be included to ensure the cycle store is provided before the development is occupied.
- 6.48. This site is located in the Belsize Park Conservation Area and near Hereward House School. Camden seeks to ensure that construction traffic does not create (or add to existing) traffic congestion in the local area. The construction is also likely to lead to a variety of amenity issues for local people (e.g. noise, vibration, air quality). A construction management plan would therefore need to be secured via a Section 106 legal agreement in order to ensure that the development can be implemented without being detrimental to amenity or the safe and efficient operation of the highway network in the local area
- 6.49. Highways contribution
- 6.50. The Council expects works affecting Highways to repair any construction damage to transport infrastructure or landscaping and reinstate all affected road and footway surfaces following development. The footway and vehicular crossover directly adjacent to the site could be damaged as a direct result of the proposed works. In addition, the existing vehicular crossover would become redundant and would therefore need to be removed. To allow the proposal to comply with Development Policy DP21, a financial contribution for highway works would be sought. A cost estimate for highway works (£7,280) has been received from the Council's Highways Delivery Team. This would be secured via legal agreement.
- 6.51. **Sustainability**
- 6.52. London Plan policy 5.2 expects major developments to demonstrate CO2 emission reductions of 40% over the 2010 Building Regulations. Camden expects developments to target at least a 20% reduction in carbon dioxide emissions through the installation of on-site renewable energy technologies (policy CS13)

- 6.53. The proposed building will benefit from the provision of energy efficiency measures aiming to achieve a reduction in regulated CO₂ emissions of 48.1% over the 2010 Building Regulations. The energy efficiency measures suggested by the sustainability statement include communal air source heat pumps and 18 PV panels (approximately 29.4sqm of roof area). As the site is in a conservation area the panels would only be placed on the part of the roof not visible from the street (the flat roof of the dormer). The on site renewable technology (PV and communal air source heat pump) would provide an average 20.7% reduction of CO₂ emissions for the overall development. The air source heat pumps would be located in an enclosure at the rear of the garden. A noise report has been submitted which demonstrates the heat pumps would require an acoustic enclosure to meet Camden's noise thresholds. This would comprise acoustic louvres and panels and a roof mounted attenuator. The sound attenuation would be secured by condition.
- 6.54. During the course of the application the front dormers have been reduced in size to improve their appearance. The reduced roofspace would result in fewer PV panels than originally set out in the sustainability statement. Camden would still expect the development to target a 20% reduction in CO₂ and an energy efficiency plan would be secured by legal agreement. The submission of the energy efficiency plan would allow the applicant to further investigate the feasibility of ensuring this target is met.
- 6.55. The sustainability statement refers to U values of the fabric and the air permeability of the building. An average Fabric Energy Efficiency of 35.07 is expected. The sustainability measures as set out in the Sustainability and Energy Strategy Report, would be secured by legal agreement.
- 6.56. All new build dwellings are required to achieve 110 litres, per person, per day (including 5 litres for external water use). This will be secured by condition.
- 6.57. Flood Risk
- 6.58. The site is in an area known for surface water flooding. Lancaster Grove was subject to surface water flooding in 1975 and 2002. Lancaster Grove is identified as a 'primary area' (those streets that have been affected by both major floods in 1975 and 2002). All applications for a basement extension within streets identified as 'primary' locations are expected to include a Flood Risk Assessment with any application for a basement development, in line with the criteria set out in PPS25. A flood risk assessment has been provided. This highlights the most recent surface water flood mapping which shows that this area is not considered to be at a 'high' risk of surface water flooding. Nevertheless surface water should be directed away from the building and in particular away from points where it could access the basement and lower ground floor. This would be secured by condition.
- 6.59. Sustainable Urban Drainage
- 6.60. The Council requires developments to reduce the pressure on the combined sewer network and the risk of flooding by sustainable urban drainage systems (SUDS). The volume and rate of run-off from heavy rainfall can be reduced through the use of SUDS including green and brown roofs, pervious paving and detention ponds or tanks. The applicant has provided a Surface Water Drainage Strategy and a

Surface Water Drainage Proforma. SuDS strategies should be designed in accordance with NPPF policy (and written Ministerial Statement) and London Plan policy 5.13 SuDS hierarchy to reduce run off rates to greenfield rates. Where reasonably practicable, run off volumes should be constrained to greenfield run off volumes for the 1 in 100 year 6 hour event. The strategy indicates that SUDs hierarchy would be followed with some rainwater stored for later reuse. Vertical rain gardens using a tree box system or similar would utilize the rainwater runoff from the rear portion of the roof with terraces and water from the paths would fall to planting beds. There is also the potential to utilize storm crates in area under the paving to store water for plant irrigation. Water butts would be sited to the communal garden to store the water from the roofs within the garden.

- 6.61. Whilst there is no available space to house open water features on the site, below ground storage tanks would be provided for the gradual release of rainwater into the surface water sewer/drain in the road.
- 6.62. The storage volume has been based on the 1:100 year storm event plus 30% climate change. A vortex flow control device would be used at the outlet to limit the rainfall runoff rate to greenfield rates if the level of the sewer is low enough, alternatively a positive pumped system would be used as a method of protecting the basement from localized flood events. A condition would ensure that the SUDs measures have been implemented and the applicant would be required to show there would be a 50% reduction in the run-off rate, with an allowance for climate change, for all events up to and including the 1:100 year storm event.
- 6.63. **Trees and Landscaping**
- 6.64. An arboricultural report has been submitted to support the application. This indicates that 4 individual trees and one group of trees will be retained and that 9 individual trees and one group of trees would be lost to facilitate the proposed development and allow reasonable and usable garden space to be developed. The report indicates the trees that would be lost are of low quality (including 1 cat U tree which is recommended for removal regardless of any development), and many are small. Many of the trees are suppressed, either by each other, or by the retained trees.
- 6.65. A landscape and ecology report has also been submitted. Bio-diverse roofs would be provided above the front bays and porch. The front boundary would have a pleached lime screen and low yew hedge. There would also be wire supported vines to the flank walls at front and rear. The rear garden would be landscaped and interspersed with granite sets and stable block paving. A green roof would be provided to the garden storage shed and to the roof of the structure housing the ground source heat pump, both at the rear of the garden.
- 6.66. The arboricultural report and landscape report has been assessed by the Council's tree officer and found to be acceptable. The main arboricultural features of the site are T1, T9 and T10, and these would be retained. The proposed removals are acceptable, subject to suitable mitigation/replacement planting. Due to the suppressed nature of the majority of the proposed removals, coupled with the increased footprint of the proposed development, it can be assumed that the garden has limited space to accommodate high quality trees through to maturity. It

is considered that a minimum of three trees, to be agreed via condition would be acceptable (this figure is based on an assumption for medium-large planting and it is considered that the site could support a greater number of small trees). The remainder of the proposed landscaping would offer a much more diverse spatial and species arrangement and would be an improvement of the existing plot. Final details would be secured via a landscaping condition. The trees that would be retained should be protected and the tree protection details would be secured by condition. The bio-diverse roof details would also be secured by condition.

6.67. Biodiversity

6.68. The Council's policy CS15 seeks to encourage biodiversity. The applicant has provided an ecology statement including a habitat survey and an assessment of the potential of the site to support protected species. This states the main building is a brick structure with no obvious crevices, gaps or features that could be used by bats. The building has been inspected from the outside and inside for signs of bats or features that could be used as roosts. The attic space has also been inspected. No features, which could be used as roosts have been observed and there were no signs of bats. The risk of bats using the building is considered to be low. Although no bat roosts have been found on site, bats occur in the vicinity and it is likely that bats feed over the garden. An artificial roost box for bats is recommended. This would be secured by condition.

6.69. The hedges and shrubs provide cover for nesting birds. The habitat survey indicates it is likely that a few pairs of birds breed on site. Under the Wildlife and Countryside Act 1981 it is an offence to disturb nesting birds or damage their nests or eggs. The main bird-nesting season occurs between March and July (and in some cases through to September). Clearance and management of undergrowth during that period should be avoided. If such works are unavoidable, checks should be made by a suitably qualified and experienced person to ensure that the affected areas do not support nesting birds. An informative would be included on the decision notice. Nesting boxes would also be secured by condition.

6.70. Mayor of London's Crossrail CIL and Camden's CIL

6.71. The proposal will be liable for both the Mayor of London's CIL and Camden's CIL as the development involves the creation of new dwellings. Based on the Mayor's CIL and Camden's CIL charging schedules and the information given on the plans the charge is likely to be £76,975 (1539.5sqm x £50) for Mayoral CIL and £769,750 (1539.5sqm x £500) for Camden's CIL (Zone C Residential). The CIL will be collected by Camden and an informative will be attached advising the applicant of the CIL requirement.

7. CONCLUSION

7.1. The development would provide 15 flats (private rented sector) and the provision of housing accords with the priority land use within Camden. The existing building's front elevation has unsympathetic post-war alterations which have a neutral effect on the Conservation Area. The overall height of the proposed building would be within the height of the existing building and the detailed design would be

sympathetic to Lancaster Grove. The development is considered to be a high quality contemporary building with attractive landscaping which would enhance the conservation area. The independent audit of the Basement Impact Assessment concludes that it should be possible to limit damage to no greater than Category 2 using standard construction techniques and a movement monitoring regime of the adjacent properties during construction would be secured by condition (requiring the development to be implemented in strict accordance with the BIA). The Council's independent viability consultant acknowledges that the proposed payment in lieu of £311,000 represents the maximum contribution that can reasonably be delivered by a private rented sector scheme. A deferred contribution would be used to secure the balance to the full policy compliant amount should the circumstances change to enable this in the future.

7.2. Planning Permission is recommended subject to conditions and a S106 Legal Agreement covering the following Heads of Terms:-

- 1 Units remain in private rented sector for at least 7 years or a further contribution to affordable housing is triggered
- 2 Affordable housing contribution payment in lieu of £311,000
- 3 Review of viability 1 year after completion / upon full occupation
- 4 Car-free development.
- 5 Construction Management Plan.
- 6 Highways contribution of £7,280
- 7 Energy efficiency plan
- 8 Sustainability plan

8. LEGAL COMMENTS

8.1. Members are referred to the note from the Legal Division at the start of the Agenda.

Condition(s) and Reason(s):

- 1 The development hereby permitted must be begun not later than the end of three years from the date of this permission.

Reason: In order to comply with the provisions of Section 91 of the Town and Country Planning Act 1990 (as amended).

- 2 The development hereby permitted shall be carried out in accordance with the following approved plans and supporting documents: 1409:_4000 P1; 2002 P1; 2001 P1; 5010; 5009; 5008; 5007; 5006; 5005; 5004; 5003; 5002; 5001; 1999 P1; 3500; 2000; 1500; 1002; 1001; 1000; 4001;

Surface Water Drainage Proforma prepared by Lyons O'Neill dated 22/07/15; ASHP Noise Impact Assessment prepared by Sound planning dated 21st July 2015; Affordable Housing Statement prepared by Douglas Birt Consulting dated May 2015; Report on Community Engagement prepared by gka dated February 2015; Planning

statement prepared by Paultcarter Planning dated April 2015; Heritage Statement prepared by Turley dated October 2014; Ground Conditions Desk Study Report and appendices prepared by Hydrock dated 19th December 2013; Flood risk assessment prepared by three counties flood risk assessment dated 2 October 2014; Sustainability and Energy Strategy Report prepared by Syntegra Consulting dated 29th August 2014; Daylight, Sunlight & Overshadowing prepared by Syntegra Consulting dated 9.09.2014; Design and Access Statement prepared by JPA dated April 2015; Basement Impact Assessment prepared by Lyons O'Neill dated 16th October 2014; Landscape & Ecology prepared by Studio Engleback dated September 2014; 358/P/1003 rev B; 358/P/1002 rev A; 358/P/1001 rev A; 358/P/1000 rev B

Reason: For the avoidance of doubt and in the interest of proper planning.

- 3 Detailed drawings, or samples of materials as appropriate, in respect of the following, shall be submitted to and approved in writing by the local planning authority before the relevant part of the work is begun:

a) Details including sections at 1:10 of all windows (including jambs, head and cill), external doors and gates;

b) Manufacturer's specification details of all facing materials including windows and door frames, slate and precast panels (to be submitted to the Local Planning Authority) and samples of those materials (to be provided on site) with a sample panel of not less than 1m by 1m demonstrating, the proposed colour, texture, face-bond and pointing of brickwork.

The relevant part of the works shall be carried out in accordance with the details thus approved and all approved samples shall be retained on site during the course of the works.

Reason: To safeguard the appearance of the premises and the character of the immediate area in accordance with the requirements of policy CS14 of the London Borough of Camden Local Development Framework Core Strategy and policy DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 4 A sample panel showing the interface of stone and window measuring 1.5m x1.5m shall be provided on site and approved in writing by the local planning authority before the relevant parts of the works are commenced and the development shall be carried out in accordance with the approval given. The approved panel shall be retained on site until the work has been completed.

Reason: To safeguard the appearance of the premises and the character of the immediate area in accordance with the requirements of policy CS14 of the London Borough of Camden Local Development Framework Core Strategy and policy DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 5 No lights, meter boxes, flues, vents or pipes, and no telecommunications equipment, alarm boxes, television aerials, satellite dishes or rooftop 'mansafe' rails shall be fixed or installed on the external face of the buildings, without the prior approval in writing of the local planning authority.

Reason: To safeguard the appearance of the premises and the character of the immediate area in accordance with the requirements of policy CS14 of the London Borough of Camden Local Development Framework Core Strategy and policy DP24 and DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 6 All hard and soft landscaping works shall be carried out in accordance with the approved landscape details and shall include the planting of 3 replacement trees by not later than the end of the planting season following completion of the development. Details of the replacement trees shall be submitted to and approved by the Council in writing. Any trees or areas of planting which, within a period of 5 years from the completion of the development, die, are removed or become seriously damaged or diseased, shall be replaced as soon as is reasonably possible and, in any case, by not later than the end of the following planting season, with others of similar size and species, unless the local planning authority gives written consent to any variation.

Reason: To ensure that the landscaping is carried out within a reasonable period and to maintain a high quality of visual amenity in the scheme in accordance with the requirements of policy CS14 and CS15 of the London Borough of Camden Local Development Framework Core Strategy and policy DP24 of the London Borough of Camden Local Development Framework Development Policies.

- 7 Prior to the commencement of any works on site, details demonstrating how trees to be retained shall be protected during construction work shall be submitted to and approved by the Council in writing. Such details shall follow guidelines and standards set out in BS5837:2012 "Trees in Relation to Construction". All trees on the site, or parts of trees growing from adjoining sites, unless shown on the permitted drawings as being removed, shall be retained and protected from damage in accordance with the approved protection details.

Reason: To ensure that the development will not have an adverse effect on existing trees and in order to maintain the character and amenity of the area in accordance with the requirements of policy CS15 of the London Borough of Camden Local Development Framework Core Strategy.

- 8 Prior to the first occupation of the development a plan showing details of the bio-diverse roof including species, planting density, substrate and a section at scale 1:20 showing that adequate depth is available in terms of the construction and long term viability of the green roof, and a programme for a scheme of maintenance shall be submitted to and approved in writing by the local planning authority. The green roof shall be fully provided in accordance with the approved details prior to first occupation and thereafter retained and maintained in accordance with the approved scheme of maintenance.

Reason: To ensure that the green roof is suitably designed and maintained in accordance with the requirements of policies CS13, CS14, CS15 and CS16 of the

London Borough of Camden Local Development Framework Core Strategy and policies DP22, DP23, DP24 and DP32 of the London Borough of Camden Local Development Framework Development Policies.

- 9 Noise levels at a point 1 metre external to sensitive facades shall be at least 5dB(A) less than the existing background measurement (LA90), expressed in dB(A) when all plant/equipment (or any part of it) is in operation unless the plant/equipment hereby permitted will have a noise that has a distinguishable, discrete continuous note (whine, hiss, screech, hum) and/or if there are distinct impulses (bangs, clicks, clatters, thumps), then the noise levels from that piece of plant/equipment at any sensitive façade shall be at least 10dB(A) below the LA90, expressed in dB(A).

Reason: To safeguard the amenities of the adjoining premises and the area generally in accordance with the requirements of policy CS5 of the London Borough of Camden Local Development Framework Core Strategy and policies DP26 and DP28 of the London Borough of Camden Local Development Framework Development Policies.

- 10 Before the use commences, the air source heat pump shall be provided with an acoustic enclosure in accordance with the Noise Impact Assessment prepared by Sound Planning hereby approved. All such measures shall thereafter be retained and maintained in accordance with the manufacturers' recommendations.

Reason: To safeguard the amenities of the adjoining premises and the area generally in accordance with the requirements of policy CS5 of the London Borough of Camden Local Development Framework Core Strategy and policies DP26 and DP28 of the London Borough of Camden Local Development Framework Development Policies.

- 11 The cycle storage area for 24 cycles hereby approved shall be provided in its entirety prior to the first occupation of any of the new units, and permanently retained thereafter.

Reason: To ensure the development provides adequate cycle parking facilities in accordance with the requirements of policy CS11 of the London Borough of Camden Local Development Framework Core Strategy and policy DP17 of the London Borough of Camden Local Development Framework Development Policies.

- 12 The demolition hereby permitted shall not be undertaken before a contract for the carrying out of the works of redevelopment of the site has been made and full planning permission has been granted for the redevelopment for which the contract provides.

Reason: To protect the visual amenity of the area in accordance with the requirements of policy CS14 of the London Borough of Camden Local Development Framework Core Strategy and policy DP25 of the London Borough of Camden Local Development Framework Development Policies.

- 13 Prior to first occupation of the development a plan showing details of bird and bat box locations and types and indication of species to be accommodated shall be submitted to and approved in writing by the local planning authority. The boxes shall be installed in accordance with the approved plans prior to the occupation of the development and thereafter retained.

Reason: In order to secure appropriate features to conserve and enhance wildlife habitats and biodiversity measures within the development, in accordance with the requirements of the London Plan March 2015, consolidated with alterations since 2011 and Camden Planning Guidance 2006 and policy CS15 of the London Borough of Camden Local Development Framework Core Strategy.

- 14 Prior to commencement of development details of a sustainable urban drainage system as approved (surface water drainage proforma) shall be submitted including:
- Tanked storage below ground,
 - Vertical rain gardens using a tree box system,
 - Planting beds to drain pathways,
 - Storm crates beneath paving to be used as plant irrigation,
 - Water butts in communal garden,

Details should include supporting drainage calculations confirming the required attenuation volume provided by the above measures shall be submitted to and approved in writing by the local planning authority. Such a system should be designed to accommodate all storms up to and including a 1:100 year storm with a 30% provision for climate change, and shall demonstrate that greenfield run off rates (5l/s) will be achieved.

Details should include surface water flow routings demonstrating how surface water will be directed away from the building and in particular away from points where it could access the basement and lower ground floor.

Details shall also include a lifetime maintenance plan, and shall thereafter be retained and maintained in accordance with the approved details.

Reason: To reduce the rate of surface water run-off from the buildings and limit the impact on the storm-water drainage system in accordance with policies CS13 and CS16 of the London Borough of Camden Local Development Framework Core Strategy and policies DP22, DP23 and DP32 of the London Borough of Camden Local Development Framework Development Policies.

- 15 Prior to occupation of the development, evidence that the sustainable drainage system has been implemented in accordance with the approved details (for condition 14) shall be submitted to the Local Authority and approved in writing. The systems shall thereafter be retained and maintained in accordance with the approved maintenance plan.

Reason: To reduce the rate of surface water run-off from the buildings and limit the impact on the storm-water drainage system in accordance with policies CS13 and CS16 of the London Borough of Camden Local Development Framework Core Strategy and policies DP22, DP23 and DP32 of the London Borough of Camden Local Development Framework Development Policies.

- 16 No impact piling until a piling method statement, prepared in consultation with Thames Water or the relevant statutory undertaker, detailing the depth and type of piling to be undertaken and the methodology by which such piling will be carried out including measures to prevent and minimise the potential for damage to subsurface water infrastructure, and the programme for the works, has been submitted to and approved in writing by the local planning authority. Any piling must be undertaken in accordance with the terms of the approved piling method statement.

Reason: To safeguard existing below ground public utility infrastructure and controlled waters in accordance with the requirements of policy CS13 of the London Borough of Camden Local Development Framework Core Strategy.

- 17 The development hereby approved shall not commence until such time as a suitably qualified chartered engineer with membership of the appropriate professional body has been appointed to inspect, approve and monitor the critical elements of both permanent and temporary basement construction works throughout their duration to ensure compliance with the design which has been checked and approved by a building control body. Details of the appointment and the appointee's responsibilities shall be submitted to and approved in writing by the local planning authority prior to the commencement of development. Any subsequent change or reappointment shall be confirmed forthwith for the duration of the construction works.

Reason: To safeguard the appearance and structural stability of neighbouring buildings and the character of the immediate area in accordance with the requirements of policy CS14 of the London Borough of Camden Local Development Framework Development Policies and policy DP27 (Basements and Lightwells) of the London Borough of Camden Local Development Framework Development Policies.

- 18 The development shall be carried out in strict accordance with the basement impact assessment prepared by Lyons O'Neill dated 16th October 2014 hereby approved.

Reason: To safeguard the appearance and structural stability of neighbouring buildings and the character of the immediate area in accordance with the requirements of policy CS14 of the London Borough of Camden Local Development Framework Development Policies and policy DP27 (Basements and Lightwells) of the London Borough of Camden Local Development Framework Development Policies.

- 19 All units hereby approved shall be designed and constructed in accordance with Building Regulations Part M 4 (2).

Reason: To ensure that the internal layout of the building provides flexibility for the accessibility of future occupiers and their changing needs over time, in accordance with the requirements of policy CS6 of the London Borough of Camden Local Development Framework Core Strategy and policy DP6 of the London Borough of Camden Local Development Framework Development Policies.

- 20 Unit 3 as indicated on the plans hereby approved shall be designed and constructed in accordance with Building Regulations Part M 4 (3) adaptable.

Reason: To ensure that the internal layout of the building provides flexibility for the accessibility of future occupiers and their changing needs over time, in accordance with the requirements of policy CS6 of the London Borough of Camden Local Development Framework Core Strategy and policy DP6 of the London Borough of Camden Local Development Framework Development Policies.

- 21 Prior to occupation of the development the refuse and recycling storage facilities intended for its occupiers as shown on the drawings hereby approved shall be provided. All refuse and recycling storage facilities shall be permanently maintained and retained thereafter.

Reason: To safeguard the amenities of the adjoining premises and the area generally in accordance with the requirements of policy CS18 of the London Borough of Camden LDF Core Strategy and DP26 of the London Borough of Camden LDF Development Policies.

- 22 The development hereby approved shall achieve a maximum internal water use of 105 litres/person/day, allowing 5 litres/person/day for external water use. Prior to occupation, evidence demonstrating that this has been achieved shall be submitted to and approved by the Local Planning Authority.

Reason: To ensure the development contributes to minimising the need for further water infrastructure in an area of water stress in accordance with policies CS13 of the London Borough of Camden Local Development Framework Core Strategy and policies DP22 and DP23 of the London Borough of Camden Local Development Framework Development Policies.

Informative(s):

- 1 Your proposals may be subject to control under the Building Regulations and/or the London Buildings Acts which cover aspects including fire and emergency escape, access and facilities for people with disabilities and sound insulation between dwellings. You are advised to consult the Council's Building Control Service, Camden Town Hall, Argyle Street WC1H 8EQ, (tel: 020-7974 6941).
- 2 Noise from demolition and construction works is subject to control under the Control of Pollution Act 1974. You must carry out any building works that can be heard at the boundary of the site only between 08.00 and 18.00 hours Monday to Friday and 08.00 to 13.00 on Saturday and not at all on Sundays and Public Holidays. You are advised to consult the Council's Environmental Health Service, Camden Town Hall, Argyle Street, WC1H 8EQ (Tel. No. 020 7974 2090 or by email env.health@camden.gov.uk or on the website www.camden.gov.uk/pollution) or seek prior approval under Section 61 of the Act if you anticipate any difficulty in carrying out construction other than within the hours stated above.
- 3 You are advised that this proposal will be liable for the Mayor of London's

Community Infrastructure Levy (CIL) and the Camden CIL as the additional floorspace exceeds 100sqm GIA or one unit of residential accommodation. Based on the information given on the plans, the Mayor's CIL Charging Schedule and the Camden Charging Schedule, the charge is likely to be £76,975 (1539.5sqm x £50) for Mayoral CIL and £769,750 (1539.5sqm x £500) for the Camden CIL.

This amount is an estimate based on the information submitted in your planning application. The liable amount may be revised on the receipt of the CIL Additional Information Requirement Form or other changes in circumstances. Both CIL's will be collected by Camden after the scheme has started and could be subject to surcharges for failure to assume liability or submit a commencement notice PRIOR to commencement and/or for late payment. We will issue a formal liability notice once the liable party has been established. CIL payments will also be subject to indexation in line with the construction costs index.

- 4 Your attention is drawn to the fact that there is a separate legal agreement with the Council which relates to the development for which this permission is granted. Information/drawings relating to the discharge of matters covered by the Heads of Terms of the legal agreement should be marked for the attention of the Planning Obligations Officer, Sites Team, Camden Town Hall, Argyle Street, WC1H 8EQ.
- 5 The correct street number or number and name must be displayed permanently on the premises in accordance with regulations made under Section 12 of the London Building (Amendments) Act 1939.
- 6 You are reminded that this decision only grants permission for permanent residential accommodation (Class C3). Any alternative use of the residential units for temporary accommodation, i.e. for periods of less than 90 days for tourist or short term lets etc, would constitute a material change of use and would require a further grant of planning permission.
- 7 Active bird nests are protected under Part 1 of the Wildlife and Countryside Act 1981 (as amended) which states that it is an offence to disturb, damage or destroy the nest of any wild bird while that nest be in use or being built. Active nests are highly likely to be present within the site during peak nesting season, considered by Natural England as between 1 March and 31 July. It should be noted that active nests are afforded legal protection at all times and can be encountered throughout a nesting season which may extend between mid February and October depending on bird species and weather conditions. Nesting habitats which includes trees, shrubs, climbing plants, grounds flora, buildings and other structures may be cleared at any time of year where survey (undertaken by a suitably experienced person) can establish active nests are absent. For further information contact Natural England on 0845 600 3078.
- 8 A precautionary working approach to demolition where protected species might be present should be followed including the careful removal by hand of features which could support bats, including roof tiles, lead flashing and fascia boards.

Independent Viability Review - ADDENDUM
Application reference number: 2015/2286/P

19th October 2015

UPDATE CONCLUSIONS

- 1.1 This addendum follows our recent meeting with the applicant, Optic Realm Ltd, and its advisers, in which we discussed our 3rd July 2015 interim review of viability.
- 1.2 The applicant, Optic Realm Ltd, proposes to demolish the existing building and replace it with a six-storey building comprising 15 apartments (7 x one-beds, 5 x two-beds and 3 x three-beds).
- 1.3 In the recent meeting, we were informed that the applicant intends to provide the apartments as rented (PRS - private rented sector) units. This is contrary to what we were previously advised by the applicant's advisers who had based their viability assessment on an assumption of conventional private sale apartments. This change of tenure, although not currently recognised as a separate planning use class is generally accepted as generating a lower market value when compared to sale during to enhanced management costs, agents fees, letting costs and the risk of rental voids. It is therefore reasonable to reflect the financial impact of lettings compared to sales in the viability assessment provided there are safeguards to ensure that the units are not simply sold at a later without an adjustment in affordable housing contribution.
- 1.4 We understand that the applicant's development model is based on a build to rent approach across its estate and consequently the applicant has confirmed that it is willing to agree to restrict the use of the apartments to private rent (by restricting the tenancies to Assured Shorthold Tenancies) via the S106 Agreement. We understand that this is considered by the Council to be a satisfactory way to ensure the units remain in PRS use. Conversely if the units are sold within an agreed timeframe this would give rise to a further potential contribution to affordable housing.
- 1.5 Whilst the value of the PRS scheme is lower than the private sales scheme, private letting is part of the applicant's main area of business, and Lancaster Grove will add to their portfolio of investment properties which are held for their long term income and rental growth.
- 1.6 PRS is not seen as providing an affordable housing product, however its introduction have been welcomed and encouraged by the government and GLA

as bringing institutional investment into the rented housing market thereby broadening supply, choice and quality for households.

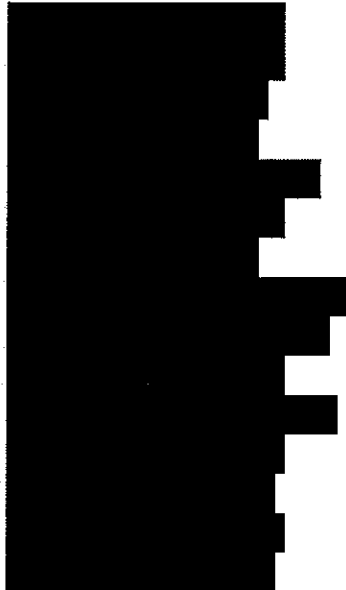
- 1.7 Douglas Birt Consulting (DBC) has provided a valuation of the PRS units, with input from Savills. We have reviewed this and have concluded that this capital value estimate is reasonable, as we discuss further below in the section on PRS values.
- 1.8 The latest residual value calculated by DBC is £6,598,000 (without deduction of purchaser's costs). By switching from private sale to PRS apartments, this would reduce the residual value by £2,309,000, down to £4,289,000. This assessment is based on a scheme with nil affordable housing contributions. The applicant is offering £311,000 towards affordable housing, as a payment in lieu. The build costs for the proposed scheme are some £363,000 higher than the cost indicated by our Cost Consultant in his benchmarking exercise. Allowing for this proposed contribution and deducting the excess costs of £363,000 would result in only a marginal increase of £53,000 to the residual value generated by the scheme of £4,236,000.
- 1.9 The proposed benchmark land value is based on an extant consent to convert the former student housing to C3 residential use. The assumption is that the converted units would then be sold. We maintain our view that it is inappropriate to incorporate a landowner premium into this valuation; therefore this remains a point of disagreement. It has, however, been agreed that our suggested increase in the build cost contingency to 10% is appropriate. With respect to sales values, these were reduced to £1,000 per sqft by Savills in response to our 3rd July 2015 Interim Report's findings. We had proposed £950 per sqft, but following further discussion with Savills regarding the scheme, we agree that £950 per sqft is potentially understated and that values in the region of £1,000 per sqft are not unrealistic. We have undertaken sensitivity testing of the alternative use valuation at different levels of sales values:

Sales values per sqft	AUV (plus purchaser's costs)
£1,175 per sqft	£5,286,406
£1,100 per sqft	£4,839,534
£1,000 per sqft	£4,243,708
£950 per sqft	3,945,795

- 1.10 Using sales values of £1,000 per sqft would result in an AUV of £4.243m, which compares to the residual value of £4.236m assuming £311,000 of affordable housing contributions effectively resulting in a break even position. Based on these results, we agree that the current proposed payment in lieu of £311,000 represents the maximum contribution that can reasonably be delivered by a PRS version of the application scheme.

PRS apartment values - further discussion

1.11 Savills have assigned the following weekly rents to the PRS units:



- 1.12 These rents are supported by Savills with evidence of available properties from the local area. Like many of the proposed apartments, the available properties similarly have limited or no outdoor space, and are generally on a par with the proposed units in terms of quality of specification and prestige of location.
- 1.13 The one-beds at £■■■ and £■■■ per week for let are highly comparable to scheme's one-beds. These comparables are nearby, in Primrose Hill, and have good quality interior specification. The larger one-bed units have rents ranging from £■■■■■ which is also supported by rents for comparable, high quality one-beds.
- 1.14 The proposed two bed units have been generally valued in a bracket between £■■■ to £■■■ per week. The comparable evidence includes a flat in Bracknell Gardens that is available for £■■■ per week, and a 2-bed in Lambolle Road at £■■■ per week. The latter is somewhat disadvantage by being a roof conversion, thus is comparable with the lower quality/smaller 2-beds in the proposed scheme.
- 1.15 A higher quality apartment, on Thurlow Road, Hampstead NW3, has a roof terrace, a balcony, is available for £1,200 pw, however given its superior amenities we would expect its rent to significantly exceed the proposed units. A flat at Maresfield Gardens is currently available at £1,200 per sqft and is in a house converted into flats. It is broadly comparable to the 3-beds in terms of quality.
- 1.16 The proposed gross rent from the scheme is £■■■■■■ per annum and assumed deductions of £35,000 per annum have been made for management, maintenance, cleaning, contracts, security, sinking fund and voids/bad debts

etc. We have experience of other PRS models and we are aware that there are significant deductions between gross and net rents to account for these factors. In our experience, operational costs can range between 20% -40% of gross rents. Knight Frank adopts an average gross to net of 25% to cover costs in its PRS index. It is expected that the applicant is likely to incur a range of costs similar to those associated with the delivery of other PRS schemes, therefore this allowance for costs at 6.6% seems reasonable.

- 1.17 Based on our assessment of the gross rents and the deductions, we consider the net rent to be realistic. A yield of ■■■% has been adopted to capitalise the net rents receivable and generate a sum of £■■■■■■. This contrasts to the estimated £■■■■■■ capital value of the scheme if sold as private sale units. We agree the proposed yield is appropriate to a PRS scheme in this area, which is outside Central London but has the benefit of being a highly desirable residential location. We have made comparisons with a recent scheme in Swiss Cottage where rents were capitalised at 5%. Swiss Cottage is situated within London's Zone 2. CBRE's research reports that the average gross yield for properties in Zone 1 is 4.00%, whereas for properties within Zones 2 - 4 it is 5.50%. Given the location of Lancaster Grove, we would expect it to achieve a yield between Zone 1 and Zones 2 - 4. Rental growth will be factored within these yields. This strengthens our view that a yield of ■■■% (applied to the net rent) is realistic.
- 1.18 After allowing for capitalisation of net rents, we would expect to see a typical 20-40% discount in total values compared to a private sale sales model. This rule of thumb discount is consistent with the aforementioned Lancaster Grove values, which are 21% lower for private sale housing than for PRS housing.

BPS Chartered Surveyors

Clifford Pugh House, 7 Lancaster Grove, London, NW3 4HE

Independent Viability Review

Application reference number: 2015/2286/P

3rd July 2015

1.0 INTRODUCTION

- 1.1 We have been instructed by Camden Borough Council ('the Council') to review a viability assessment that has been prepared by Douglas Birt Consulting (DBC) in respect of an application (reference 2015/2286/P) to redevelop Clifford Pugh House, Lancaster Grove.
- 1.2 The applicant, Optic Realm Ltd, proposes to demolish the existing building and replace it with a six-storey building comprising 15 apartments (7 x one-beds, 5 x two-beds and 3 x three-beds).
- 1.3 This is an interim report which will be followed by a final report once the issues outlined in our conclusion below have been addressed by the applicant's advisers and have been discussed further.
- 1.4 Clifford Pugh House is a Victorian building which formerly provided accommodation to medical students but has in recent years been vacant. It was substantially re-built in the 1950s. It is located on the north side of Lancaster Grove and is adjacent to an attractive block of villas known as 9-15 Lancaster Grove to the east, and to Gabrielle Court (known as Nos.1-3 Lancaster Grove, a 1970s block of flats) to the west.
- 1.5 Over recent years, the property was owned by University College London and was used to post-graduate accommodation, comprised of 38 studio rooms and 4 double rooms.
- 1.6 The site has an area of 0.098 Ha and was acquired by Optic Realm for £10.5m on 15th May 2014. It has an extant consent (2014/7416/P) for an 8-unit scheme:

"Change of use and conversion from student accommodation to provide 8 flats (Class C3) (2 x 1-bed, 4 x 2-bed, 2 x 3-bed), including replacement windows, installation of doors on front and side elevations, and installation of photovoltaic panels at roof level."

1.7 Planning officers confirm that a resolution to grant consent has been made which is subject to the signing of the S106 Agreement.

1.8 As the application scheme will provide 15 units. We have had reference to Camden Development Policy 3 (DP3):

“The Council will negotiate the development of individual sites and related sites to seek the maximum reasonable amount of affordable housing on the basis of an affordable housing target of 50% of the total addition to housing floorspace, but will apply the target with regard to a sliding scale from 10% for developments with capacity for 10 dwellings to 50% for developments with capacity for 50 dwellings.” (DP3).

1.9 The proposed scheme’s GEA is 1,733 sqm which leads to a 17% affordable housing requirement, which leads to a maximum payment in lieu of £780,717.

1.10 DBC’s appraisal shows a residual value of £7.01m from which a Benchmark Land Value of £6.96m has been deducted to reach a surplus of £48,000. The applicant is offering this surplus of £48,000 as a payment in lieu of on-site affordable housing (commuted sum). This is a £732,717 shortfall in provision relative to the target payment calculated above.

1.11 Our viability review has scrutinised the cost and value assumptions that have been used in the applicant’s viability assessment, in order to reach a view as to whether the current affordable housing offer of £48,000 is the maximum that can reasonably be delivered.

2.0 CONCLUSIONS & RECOMMENDATIONS

- 2.1 We remain to be convinced that the current offer towards affordable is the maximum that can reasonably delivered.
- 2.2 Our suggested changes result in a development surplus that is considerably higher than the £48,000 surplus shown by DBC's appraisal. The reasons for this difference in the level of surplus are our differing views regarding residential sales values and the suitability of applying a landowner premium to the alternative use valuation. Furthermore, our cost consultant's suggests changes to the build costs would act to improve viability.
- 2.3 A 20% landowner premium has been added to the site valuation. This valuation is described by DBC as Existing Use Value. We do not agree that this appellation is appropriate, as we consider this to instead be an Alternative Use Valuation. For this reason we do not consider it suitable for a landowner premium to be added.
- 2.4 We remain to be convinced that the sales values applied to the proposed units are realistic. These have not been supported by any comparable sales evidence. These values are lower per sqft than those applied to the units in the alternative use valuation (AUV) scheme which has been used to generate a benchmark land value for the purposes of testing viability. We question whether this difference in values is suitable, and would on the contrary expect values for the proposed scheme to be higher than the 8-unit conversion scheme (AUV), which appears to be provide inferior quality residential units.
- 2.5 Sales values of the proposed scheme's apartments have been estimated by Savills at £[REDACTED] per sqft, which gives a total of £[REDACTED]m. No sales evidence is provided in support of this estimate which leaves considerable uncertainty over achievable values. Based on our initial research, it appears that somewhat higher values could be achieved. We suggest that evidence should be provided by Savills to support this valuation. In respect of the AUV scheme's values of £[REDACTED] per sqft, these are higher than we would expect for a scheme of this quality.
- 2.6 We have insufficient cost information in respect of the proposed scheme and AUV scheme to enable us to know the quality of internal fit-out that will be provided, which makes precise valuation of the apartments problematic as fit-out quality is a key driver of values. This is also the case for the conversion scheme as our cost consultant is unable to determine the quality of internal fit-out.
- 2.7 We note that by increasing the values of the proposed scheme by 10% (purely to bring them into line with the AUV scheme's values) this would increase the net residual value from £7.01m to £8.11m. This change alone would allow the maximum affordable housing payment to be made. We have then tested the proposed scheme with a 20% increase in values (so that values are c10% higher than for the AUV scheme), which gives a £9.28m net residual value. This would give a surplus of £3.75m when compared against a £5.53m benchmark which is the AUV without the addition of a landowner premium. We therefore conclude

that there is sufficient surplus from which to make a full policy compliant affordable housing contribution.

- 3.0 The build costs for the proposed scheme are £363,000 higher than the cost indicated by our Cost Consultant in his benchmark exercise, in which he compared the costs against BCIS average tender prices. These higher costs may however prove to be justified, but our Cost Consultant cannot confirm this without receiving a more detailed cost plan, which we have already requested. This reduction in costs would further increase the scheme surplus.
- 3.1 The AUV of £5.53m (£■■■■ per sqft) has been estimated by Edward Symmons, who have provided market analysis in support of their estimated sales values and a refurbishment cost plan by Walker Management in support of their estimated costs. We consider the values applied to the conversion apartments to be overstated when compared to local properties, many of which are of superior quality. In contrast to the average value of £■■■■ per sqft, a value of below £1,000 per sqft is in our view more realistic. In addition, our cost consultant has reviewed the conversion costs and has concluded that these are £200,000 lower than he would expect. Combining these changes to the costs and values would result in a reduction to the £5.53m AUV and would further increase the scheme surplus.
- 3.2 The Council requires affordable housing provision to be on-site except in exceptional circumstances where it can be shown that on-site provision is undeliverable. We have had reference to Camden Planning Guidance (CPG2) which sets out that, *"The Council will only accept off-site contributions where provision cannot practically be achieved on-site"*, and that, *"The Council will only accept contributions in the form of payments-in-lieu in exceptional circumstances"*.
- 3.3 No appraisal with on-site affordable housing provision has been provided by DBC. It is not possible to conclude upon whether on-site affordable is feasible until this has been explored by the applicant's advisers. The applicant will need to explore the potential for on-site delivery and if necessary provide a commentary setting out any reasons why it considers on-site delivery to be unfeasible.

4.0 PLANNING POLICY CONTEXT

- 4.1 We have had reference to National Planning Policy including the National Planning Policy Framework. We have also had regard to the local planning policy context including the London Plan's (2011) Housing Policies and the Council's Core Strategy.
- 4.2 Core Strategy policy CS6 sets a target mix of 60% social rented and 40% intermediate tenure for affordable housing provision within the Borough.
- 4.3 DP3 states that affordable housing contributions will be expected from all residential developments with a capacity to provide 10 or more dwellings, with a 50% negotiating target being applied on a sliding scale, from 10% for schemes with a capacity of 10 dwellings to 50% for those of 50 dwellings. The 50% target operates subject to the financial viability of the development.

5.0 BENCHMARK LAND VALUE

- 5.1 The property was formerly owned by University College London. It comprises 42 student rooms with shared kitchen and bathroom facilities. It requires substantial refurbishment.
- 5.2 A Benchmark Land Value of £6.96m has been by DBC, which is based on Edward Symmons' site valuation of £5.53m to which DBC have applied a 20% landowner period to reach £6.63m.
- 5.3 Edwards Symmons' valuation is dated March 2015 and relates to the consented scheme (2014/7416/P) for conversion of the building to C3 Residential Use, to provide 8 apartments. A residual valuation has been undertaken by Edward Symmons using Argus developer software, which gives a residual value for the consented (8-unit) scheme of £5.53m.
- 5.4 Edward Symmons are of the view that site value (and residential values of the apartments) can be maximised by a demolish-and-build scheme as an alternative to the consent scheme which involves change of use of the building. This means that they view the proposed scheme as having a higher value than the consented scheme.

Principles of valuation approach

- 5.5 Edward Symmons describe their valuation as "*Market Value - as existing, with the benefit of planning permission for redevelopment to provide 8 flats*". DBC refer to this valuation as an Existing Use Valuation, but this is not consistent with any of the established definitions of EUV. The residual value of a consented scheme which has not yet been built out does not constitute an existing use value. We note the following definition from RICS Guidance Note Financial Viability in Planning (2012):

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length

transaction after properly marketing and where the parties had each acted knowledgeably, prudently and without compulsion assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause market value to differ from that needed to replace the remaining service potential at least cost.

- 5.6 The GLA Toolkit Guidance Notes 2015 states:

The existing use value of a site (EUV) is the value of the site in its existing use and condition and the EUV will be considered according to the current planning land use designation and disregarding its development potential.

- 5.7 Based on established definitions, this valuation of £5.53m is an Alternative Use Value. It is common and typically accepted for a landowner premium to be added to an EUV to reach a landowner premium. This is not appropriate in the case of an AUV especially one that involves considerable capital expenditure in order to realise its value. RICS Guidance Note *Financial Viability in Planning* (2012) states,

It has become very common for practitioners to look at alternative use value (AUV) as a land value benchmark..... These will be used to derive the 'market value with assumption' (the option with highest value being the Site Value).

- 5.8 It is clear that AUV equates to Market Value and thereby an additional premium over Market Value cannot by definition be justified as MV is by definition the maximum the market will pay. We therefore do not accept that addition of a landowner premium is appropriate. The principle is that the land owner would actually need to build out the AUV scheme to secure the land value it generates taking development risk to achieve this goal.

AUV development costs

- 5.9 The refurbishment cost adopted in the AUV appraisal is £1■■■■m inclusive of contingency. Our cost consultant has reviewed the conversion cost estimate by Walker Management and has concluded that these are £200,000 lower than he would expect. His full report is in Appendix One.
- 5.10 The refurbishment cost in Walker Management's cost plan is slightly lower at £1■■■■m than the £1■■■■m shown in the Edward Symmons valuation.
- 5.11 Total finance costs are £262,828 for the AUV scheme. This is calculated using a 4% interest rate. The total is 3.3% of the Total Costs figure in Argus appraisal which is lower than is typical in the current lending market. The development period is 15 months which is realistic for a conversion scheme. The finance costs are consistent with DBC's finance costs for the proposed scheme which are calculated using a 4% interest rate.
- 5.12 S106 Contributions are taken from the draft S106 Agreement and we accept these are appropriate figures.

- 5.13 Professional Fees of 5% are the same as the 5% applied in the proposed scheme's appraisal, thus in this context we accept that these are reasonable.
- 5.14 A profit of 20% on Cost (16.67% on GDV) has been taken as a fixed cost in the appraisal. This is close to 17% Profit on GDV shown in proposed scheme's appraisal.
- 5.15 Marketing fees of 1.5% (£206,850) are in line with typical benchmark rates.

AUV - sales values

- 5.16 Sales values are £[REDACTED] per sqft which compares to £[REDACTED] per sqft for the proposed scheme. The units average 944 sqft (compared to 802 per sqft for proposed). The unit values are:
- ground floor 1-beds: £[REDACTED]
 - first floor 2-beds: £[REDACTED]
 - second floor 2-beds: £[REDACTED]
 - third/fourth floor 3-beds: £1, [REDACTED] per sqft) and £1 [REDACTED] (£[REDACTED] per sqft)
- 5.17 Edward Symmons assume the units will be finished to a "very high standard". We have sought to confirm that the conversion costs reflect this. We have not however been provided with sufficient cost information to confirm that the costs are in line with a very high standard of fit-out.
- 5.18 The AUV apartments will not have terraces/balconies, in contrast to many of the proposed scheme's units which will benefit from terraces including the rear ground units and the second & third floor units. This is an important driver of sales values per sqft given that this is important amenity space which can act to push up the values per sqft especially because terraces are not included in the Net Sales Areas of apartments.
- 5.19 The proposed scheme consists of a new 'villa' in keeping with the attractive period villas along Lancaster Grove and in the Belsize Park Conservation area more generally. This will provide a more prestigious, desirable property than the current somewhat utilitarian existing building, thus in terms of the external appearance of the AUV scheme *vis a vis* the proposed scheme we would expect this to result in higher values for the latter than the former.
- 5.20 The existing building is not a listed buildings of architectural or historic interest; it is not included on the Camden Local List (Consultation Draft, October 2013); and it is not identified in the Conservation Area Statement as making a positive contribution to the conservation area. Moreover, values can typically be better maximised by a new-build which does not suffer from design constraints of adapting an existing building. We consider it highly likely that the proposed new-build will be aesthetically superior which will mean its units will command a high premium relative to conversion flats. No material alteration to the external appearance of the existing building is proposed by the 8 unit scheme.

5.21 Edward Symmons have provided comparable evidence in support of their estimates sales values, including nearby conversion properties. We note that many of the comparables properties are in high quality, period residential buildings. We discuss some of these comparables below:

- **Flat 2, 5 Primrose Gardens, NW3**
£542 sqft 1-bed, - sold for £800,000 (£1,475 per sqft) in January 2015. Period conversion. Good quality period red-brick houses in excellent location. In our view superior to AUV scheme. Price inflated as purchase 'desperate' to achieve purchase.
- **Flat 2, 42 Belsize Park**
2/3-bed - sold for £2,160,000 (£1,200 per sqft). This is a new-build scheme (but retaining some parts of the existing façade) that we (BPS) were involved in in respect of viability. It is a highly prestigious development of a white stucco villa in a street of high heritage value. This is greatly superior to AUV scheme. We consider it unlikely that similar values per sqft could be achieved for the subject site. This scheme provides two semidetached white stucco villas. The build costs were exceptionally high at £4,743 per sqm in 2011/12 which strengthens the view that AUV scheme is greatly inferior. Belsize Park is a more prestigious street.
- **Flat 4, 62 Belsize Park**
2-bed - 1,195 sqft, sold in Jan 2015 for £1,351,800 (£1,131 per sqft). Period conversion. High quality period property, white stucco villa. Not comparable to AUV scheme units.
- **Flat 5, 43 Lancaster Grove - 2-bed -** sold for £925,000 (£1,160 per sqft) in October 2013 for Belsize. Period conversion.. This flat has roof terrace. Excellent period house. Newly refurbishment. Superior, more prestigious building. Land Registry shows there has been 20% increase since Oct 13 so £1,397 per sqft in values. We question whether c£1,300 can be achieved for the AUV units especially as they do not benefit from a roof terrace.

5.22 Based on our comments above, we consider £[REDACTED] per sqft to be overstated for the AUV scheme units. We have research the local market for availabilities of properties locally, as detailed below:

- 3 bed flat for sale - £1,700,000. Belsize Park Gardens. This is a period white villa. Superior to AUV units. We would not expect three beds to achieve near this price.
- Belsize Park Gardens - £1,175,000 (£936 per sqft). Period white stucco villa. Superior street 'penthouse' apartment. Lower psf than AUV 3-beds which is not realistic. This property has balconies.
- Belsize Park Gardens - 2-bed maisonette (i.e. on two levels) for £1,149,950. Period white stucco villa for same price as the AUV 2-beds.

- 5.23 There is limited directly comparable evidence from the local area, but based on the evidence we have viewed it appears that sub-£1,000 per sqft value are likely to be appropriate.

Ground rents

- 5.24 These are £350 per annum, which compares to £750 per annum for the proposed scheme. No evidence has been provided for these rents. We would not expect such a large difference in rents for these schemes. If the rent differential were to be reduced this would act to improve viability of the application scheme marginally.
- 5.25 The ground rents have been capitalised at 5% which compares to 6% for the proposed scheme. These are both within the range of realistic yields.

6.0 PRIVATE MARKET VALUES

- 6.1 Sales values have been estimated by Savills at £[REDACTED] per sqft, which gives a total of £[REDACTED]. No sales evidence is provided in support of this estimate.
- 6.2 We note the sale at 42 Belsize Park which is an exceptionally high specification new-build on a highly prestigious road, in a very attractive period street (cited in para 5.21 above). This sold for £1,200 per sqft. There is limited new-build scheme in this locality which makes it difficult to accurately estimate the value of the proposed apartments. We would however expect these units to be at the upper end of the range of locally achievable values, given the typical new-build premium and given the high quality of the proposed buildings which will include terraces and an attractive façade. We therefore consider values of over £1,200 per sqft to be achievable.
- 6.3 Ground rents of £750 per annum have been applied to each apartment, and the total rent per annum has been capitalised using a 6% yield.

7.0 BUILD COSTS

- 7.1 Build costs have been estimated by Walker Management and presented in a cost plan which our Cost Consultant, Neil Powling, has reviewed. His full report is in Appendix One.
- 7.2 The build costs for the proposed scheme are £363,000 higher than the cost indicated by our Cost Consultant in his benchmark exercise, in which he compared the costs against BCIS average tender prices. These higher costs may however prove to be justified, but our Cost Consultant cannot confirm this without receiving a more detailed cost plan, which we have already requested. Neil described the approach as follows:

WM have based their estimates on costs at a TPI base of 218 and adjusted for a 2Q2015 TPI index of 261. They have then adjusted the costs by a factor "to suit building form and construction" that varies from 110% to 175% on the new build and from 10% to 200% on the refurbishment. We do not consider this a suitable method of estimating to produce a reliable and accurate estimate - an

approximate quantities estimate using reasonably well developed design information is preferable. Because of this approach there is no detail of specification or quantities in the estimate and we have little information to rely on for the adjusted benchmarking.

- 7.3 Regarding finance costs, it appears that DBC has adopted a 4% interest rate in order to be consistent with the AUV scheme appraisal. The total finance cost is £221,000, inclusive of £111,000 of construction finance and £110,000 of land finance. We do not dispute the figures that have been used. These costs are £5.2% as a percentage of the overall build costs. These have been calculated using the GLA Toolkit which assumes industry standard development periods.
- 7.4 A developer's profit is 17% on GDV has been adopted, which DBC state is lower than the 20% on GDV that is typical in the current market. We agree with this assessment and note that 20% has been accepted in a number of recent planning appeal decisions as being a realistic rate. The applicant is, however, effectively requiring a 20% profit and will not increase its affordable housing contribution unless this profit target has been reached and exceeded. The profit is 16.67% for the AUV scheme therefore for consistency we would not expect a higher profit than 17% on GDV to be applicable to the proposed scheme.
- 7.5 Professional Fees of 5% are in line with those applied in the AUV scheme appraisal, thus on this basis we accept these are reasonable.
- 7.6 Marketing Costs of £206,850 are based on 1.5% rate which is in line with typical benchmark rates.
- 7.7 Camden CIL of £287,750 (575.5 sqm x £500 per sqm), and Mayoral CIL of £28,775 (575.5 sqm x £ 50 per sqm) are adopted. Planning officers have not yet confirmed whether these are appropriate figures.

8.0 Vacant Building Credit (VBC)

- 8.1 The applicant has not so far proposed to make allowance for VBC but it is mentioned by the Planning Statement:

National Planning Policy Guidance also refers to the "Vacant Building Credit". Where a vacant building is brought back into lawful use, or is demolished to be replaced by a new building, the developer should be offered a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when the local planning authority calculates any affordable housing contribution that will be sought.

- 8.2 Planning permission reference 2013/1598/P was granted in November 2013 for the redevelopment of these halls of residence to provide an increase of 187 bedrooms (from 1,013 to 1,200 rooms). This suggests that the site was not considered to be surplus to requirements as student accommodation, and that the currently proposed loss of student accommodation through change of use has been driven by the sale of the site to developer.

- 8.3 It can therefore be argued that the cessation of student housing use on the site was not due to the site no longer being suitable for this use, which is demonstrated by the granted application which showed the intention to expand student use. Planning Guidance notes (revision date: 26/03/2015):
- 8.4 *The vacant building credit applies where the building has not been abandoned. The policy is intended to incentivise brownfield development, including the reuse or redevelopment of empty and redundant buildings. In considering how the vacant building credit should apply to a particular development, local planning authorities should have regard to the intention of national policy. In doing so, it may be appropriate for authorities to consider:*
- *Whether the building has been made vacant for the sole purpose of redevelopment.*
 - *Whether the building is covered by an extant or recently expired planning permission for the same or substantially the same development.*
- 8.5 This implies that this building is not eligible for vacant building credit as it appears the reason for it becoming vacant is that it was purchased with a view to residential (C3) development by the Applicant.

BPS Chartered Surveyors

Appendix One: Cost Review by Neil Powling

1 SUMMARY

- 1.1 The benchmarking of the new build scheme yields an adjusted benchmark figure of £[REDACTED]/m² that compares to the Applicant's £[REDACTED]/m² (before the allowance for party walls) a difference of £235/m² which amount to £363,000. We therefore consider the Applicant's estimate to be high by this amount.
- 1.2 The refurbishment scheme yields an adjusted benchmark of £[REDACTED]/m² which compares to the applicant's £1[REDACTED]/m² a difference of £207/m² or £200,000. We therefore consider the applicant's costs for the refurb scheme to be too low by £200,000.

2 METHODOLOGY

- 2.1 The objective of the review of the construction cost element of the assessment of economic viability is to benchmark the applicant costs against RICS Building Cost Information Service (BCIS) average costs. We use BCIS costs for benchmarking because it is a national and independent database. Many companies prefer to benchmark against their own data which they often treat as confidential. Whilst this is understandable as an internal exercise, in our view it is insufficiently robust as a tool for assessing viability compared to benchmarking against BCIS.
- 2.2 BCIS average costs are provided at mean, median and upper quartile rates (as well as lowest, lower quartile and highest rates). We generally use mean or upper quartile for benchmarking depending on the quality of the scheme. BCIS also provide a location factor compared to a UK mean of 100; our benchmarking exercise adjusts for the location of the scheme. BCIS Average cost information is available on a default basis which includes all historic data with a weighting for the most recent, or for a selected maximum period ranging from 5 to 40 years. We generally consider both default and maximum 5 year average prices; the latter are more likely to reflect current regulations, specification, technology and market requirements.
- 2.3 BCIS average prices are also available on an overall £ per sqm and for new build work (but not for rehabilitation/ conversion) on an elemental £ per sqm basis. We generally consider both. A comparison of the applicants elemental costing compared to BCIS elemental benchmark costs provides a useful insight into any differences in cost. For example: planning and site location requirements may result in a higher than normal cost of external wall and window elements.
- 2.4 If the application scheme is for the conversion, rehabilitation or refurbishment of an existing building, greater difficulty results in checking that the costs are reasonable, and the benchmarking exercise must be undertaken with caution. The elemental split is not available from the BCIS database for rehabilitation work; the new build split may be used instead as a check for some, but certainly not all, elements. Works to existing buildings vary greatly from one building project to the next. Verification of costs is helped greatly if the cost plan is itemised in reasonable detail thus describing the content and extent of works proposed.
- 2.5 BCIS costs are available on a quarterly basis - the most recent quarters use forecast figures, the older quarters are firm. If any estimates require adjustment on a time basis we use the BCIS all-in Tender Price Index (TPI).

- 2.6 BCIS average costs are available for different categories of buildings such as flats, houses, offices, shops, hotels, schools etc. The Applicant's cost plan should keep the estimates for different categories separate to assist more accurate benchmarking.
- 2.7 To undertake the benchmarking we require a cost plan prepared by the applicant; for preference in reasonable detail. Ideally the cost plan should be prepared in BCIS elements. We usually have to undertake some degree of analysis and rearrangement before the applicant's elemental costs can be compared to BCIS elemental benchmark figures. If a further level of detail is available showing the build-up to the elemental totals it facilitates the review of specification and cost allowances in determining adjustments to benchmark levels. An example might be fittings that show an allowance for kitchen fittings, bedroom wardrobes etc that is in excess of a normal benchmark allowance.
- 2.8 To assist in reviewing the estimate we require drawings and (if available) specifications. Also any other reports that may have a bearing on the costs. These are often listed as having been used in the preparation of the estimate. If not provided we frequently download additional material from the documents made available on the planning website.
- 2.9 BCIS average prices per sqm include overheads and profit (OHP) and preliminaries costs. BCIS elemental costs do not include these. Nor do elemental costs include for external services and external works costs. Demolitions and site preparation are excluded from all BCIS costs. We consider the Applicants detailed cost plan to determine what, if any, abnormal and other costs can properly be considered as reasonable. We prepare an adjusted benchmark figure allowing for any costs which we consider can reasonably be taken into account before reaching a conclusion on the applicant's cost estimate.

3 GENERAL REVIEW

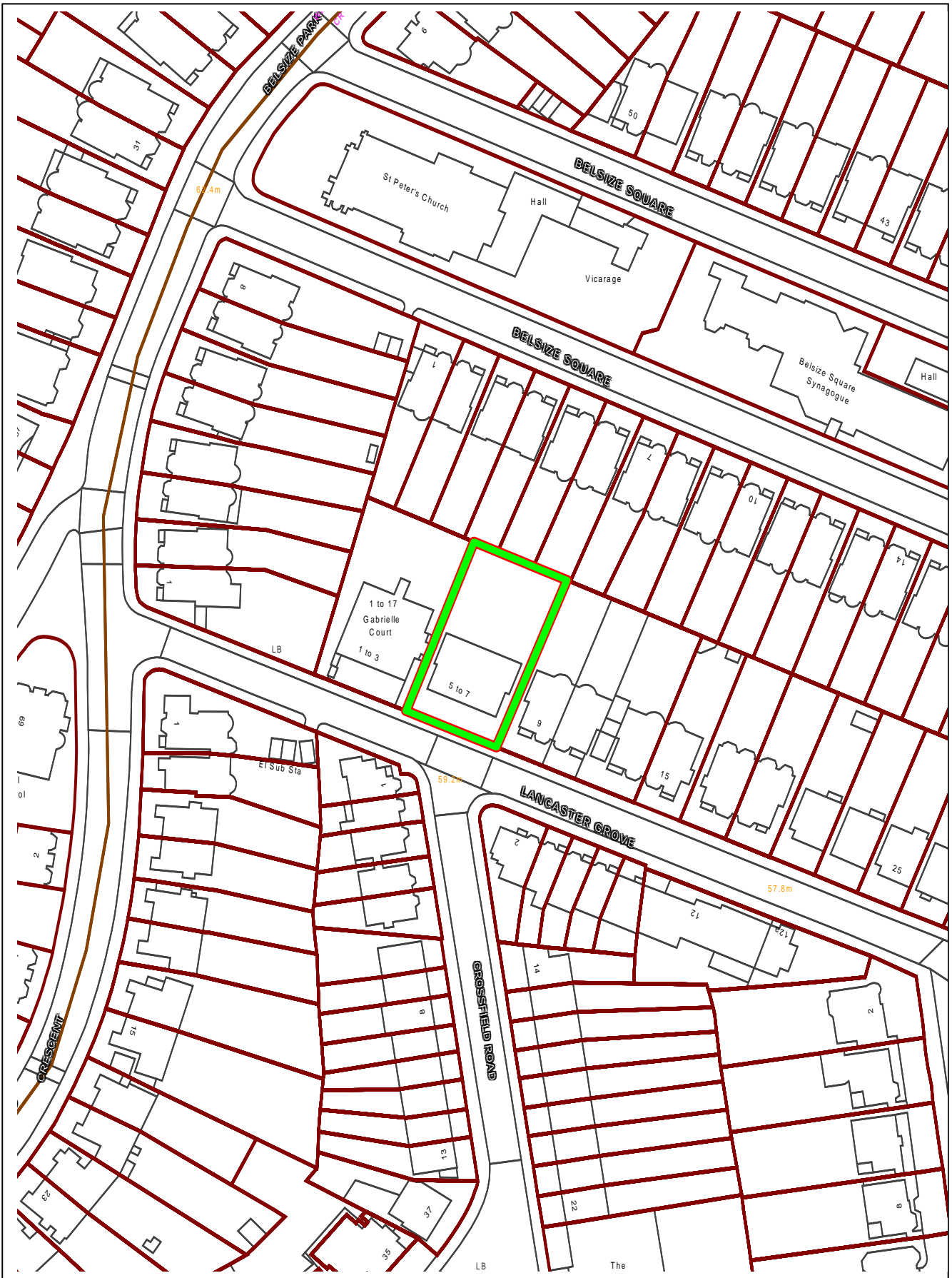
- 3.1 We have been provided with and relied upon the Affordable Housing Statement (AHS) prepared by Douglas Birt Consulting dated May 2015, together with the Design & Access Statement dated April 2015.
- 3.2 Included within the AHS is an Order of Cost Estimate prepared by Walker Management (WM) for the provision of a new building with 15 flats dated 30th March 2015 in the sum of £ [REDACTED] at 2Q2015 prices.
- 3.3 We also have an Order of Cost Estimate for the refurbishment of the existing building as 8 flats prepared by Walker Management dated 13th April 2015 in the sum of £ [REDACTED] at 2Q2015 prices.
- 3.4 Both estimates include for preliminaries at 15% and risk at a total 5% which we consider reasonable. Overheads and profit have been allowed at 10% which we consider high - our benchmarking where appropriate has allowed 5%, although we are aware that tender levels are starting to rise, albeit variably depending on the local market.
- 3.5 The estimate allows for an abnormal cost of £109,000 for site constraints and access restrictions (£45,000 for the refurb scheme) - if the allowance is a valid one we would generally consider it a preliminaries item, however there is no supporting information and we have not included any provision for this in the

benchmarking.

- 3.6 We have transferred the estimate information into a BCIS elemental analysis as far as the information permits and attach a pdf for both the new build and refurbishment schemes.
- 3.7 WM have based their estimates on costs at a TPI base of 218 and adjusted for a 2Q2015 TPI index of 261. They have then adjusted the costs by a factor "to suit building form and construction" that varies from 110% to 175% on the new build and from 10% to 200% on the refurbishment. We do not consider this a suitable method of estimating to produce a reliable and accurate estimate - an approximate quantities estimate using reasonably well developed design information is preferable. Because of this approach there is no detail of specification or quantities in the estimate and we have little information to rely on for the adjusted benchmarking.
- 3.8 We have downloaded current BCIS data for benchmarking purposes including a location factor for Camden of 118 and have applied this factor to our benchmarking.
- 3.9 The benchmarking of the new build scheme yields an adjusted benchmark figure of £[REDACTED]/m² that compares to the Applicant's £2[REDACTED]/m² (before the allowance for party walls) a difference of £235/m² which amount to £363,000. We therefore consider the Applicant's estimate to be high by this amount.
- 3.10 We note that a user value of £[REDACTED] has been used in the toolkit calculation inserted against flats (5 & less stories) although the Application scheme actually comprises 6 storeys. We have used the BCIS 6+ storey average figure for benchmarking.
- 3.11 Most of this difference would be accounted for by the Applicants allowance for site constraints and 10% for OHP (compared to 5%) - we calculate these figures to be £269,000 for the new build scheme.
- 3.12 The refurbishment scheme yields an adjusted benchmark of £[REDACTED]/m² which compares to the applicant's £[REDACTED]/m² a difference of £207/m² or £200,000. We therefore consider the applicant's costs for the refurb scheme to be too low by £200,000.

BPS Chartered Surveyors

Date: 2nd July 2015



Application No: 2015/2366/P

**Clifford Pugh House,
5-7 Lancaster Grove,
NW3 4HE**

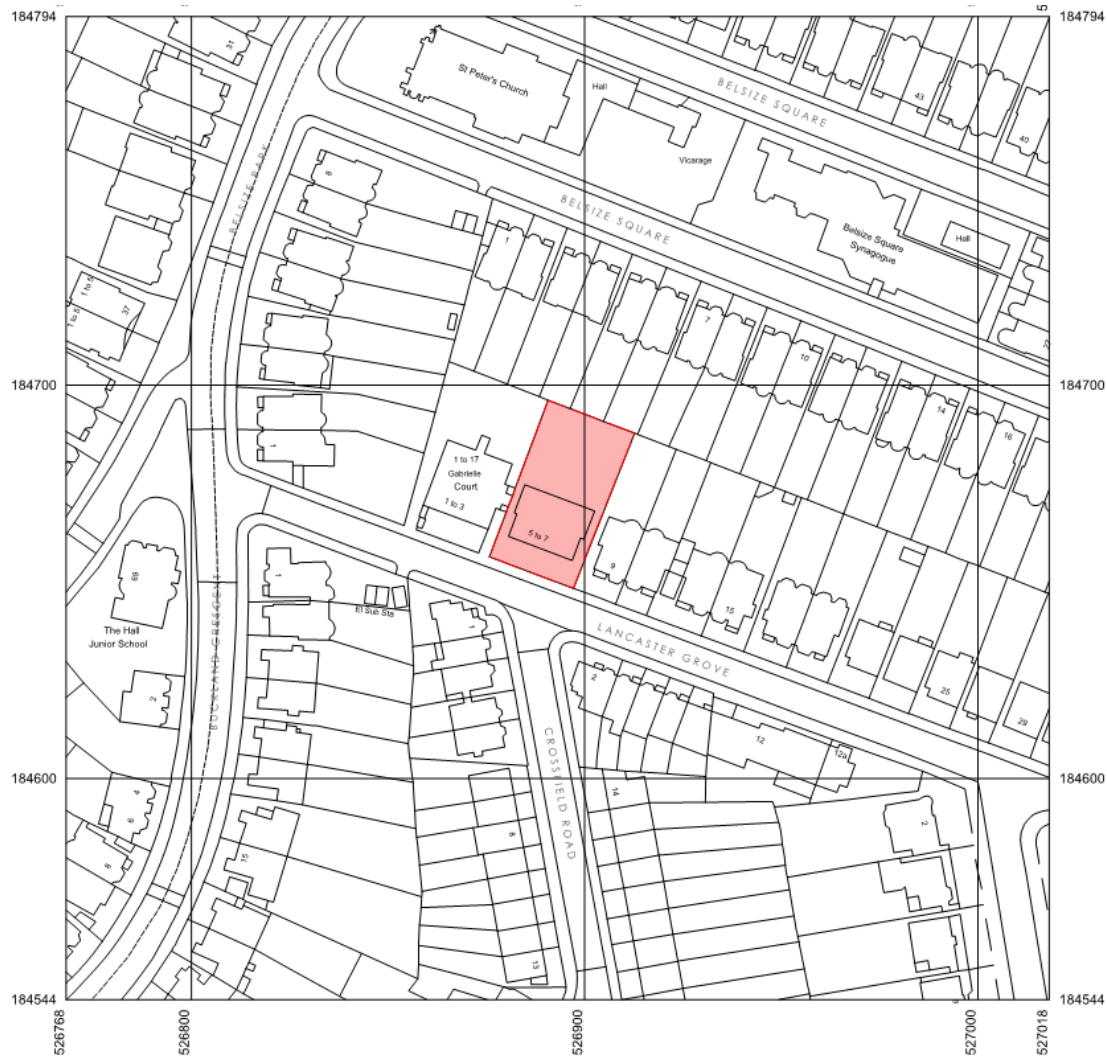


**Scale:
1:1250
Date:
3-Dec-15**



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Clifford Pugh House, Site location plan



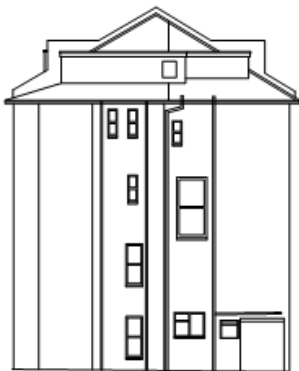
Aerial View



Existing Elevations



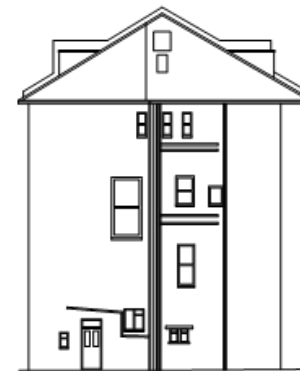
01 WEST ELEVATION



02 WEST ELEVATION



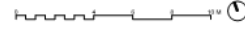
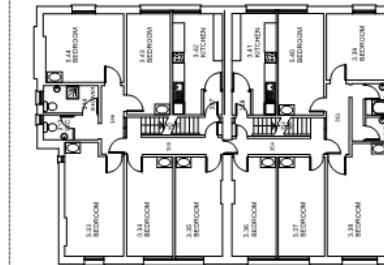
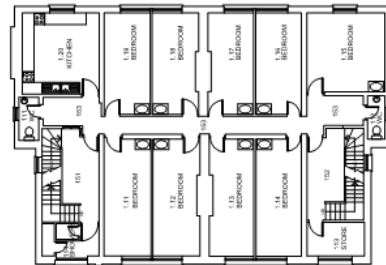
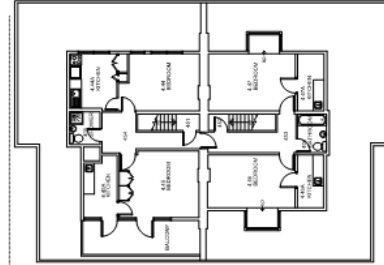
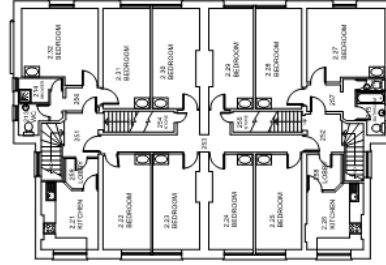
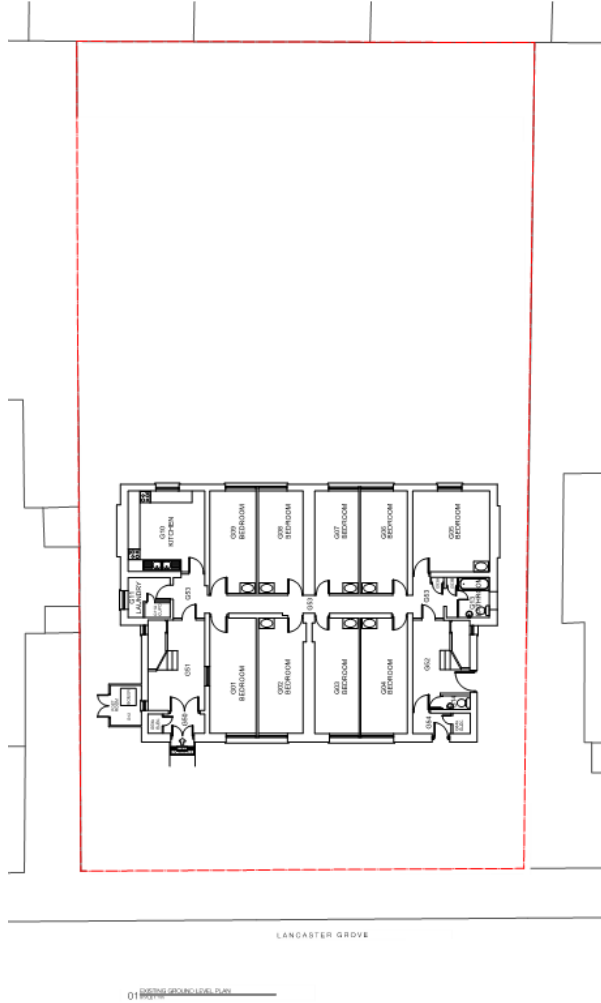
03 WEST ELEVATION



04 WEST ELEVATION



Existing Floor Plans



Proposed Front and Side (NW) Elevation



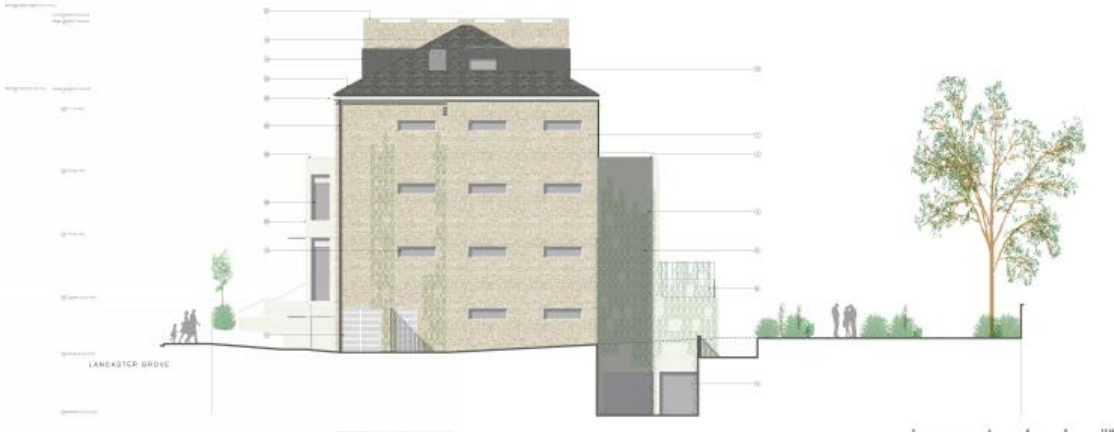
Proposed Front Elevation



Proposed Rear and Side (SE) Elevation

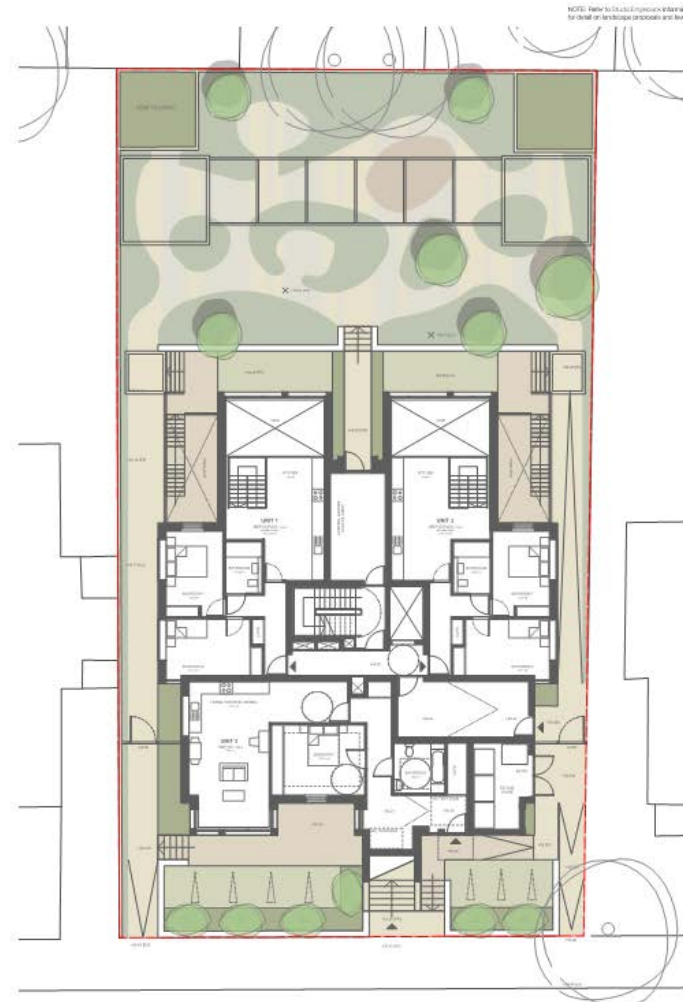
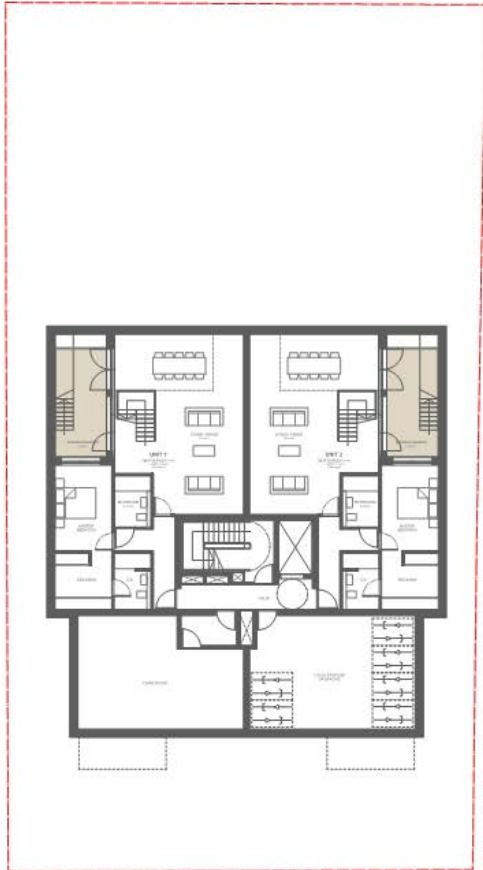


01 PROPOSED SOUTH-EAST ELEVATION (SE)
SCALE: 1/8" = 1'-0"



02 PROPOSED SOUTH-EAST ELEVATION (SE)
SCALE: 1/8" = 1'-0"

Proposed Basement and Lower Ground Floor

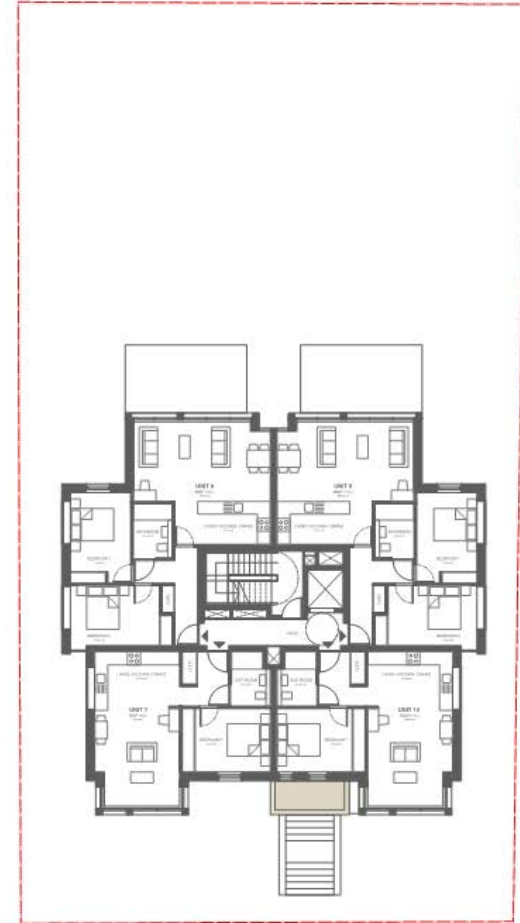


LANCASTER GROVE

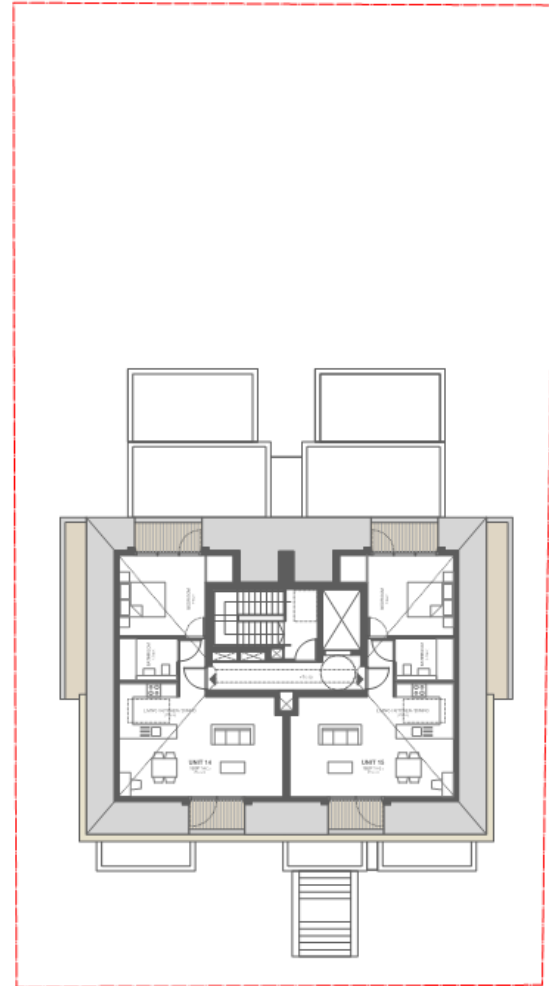
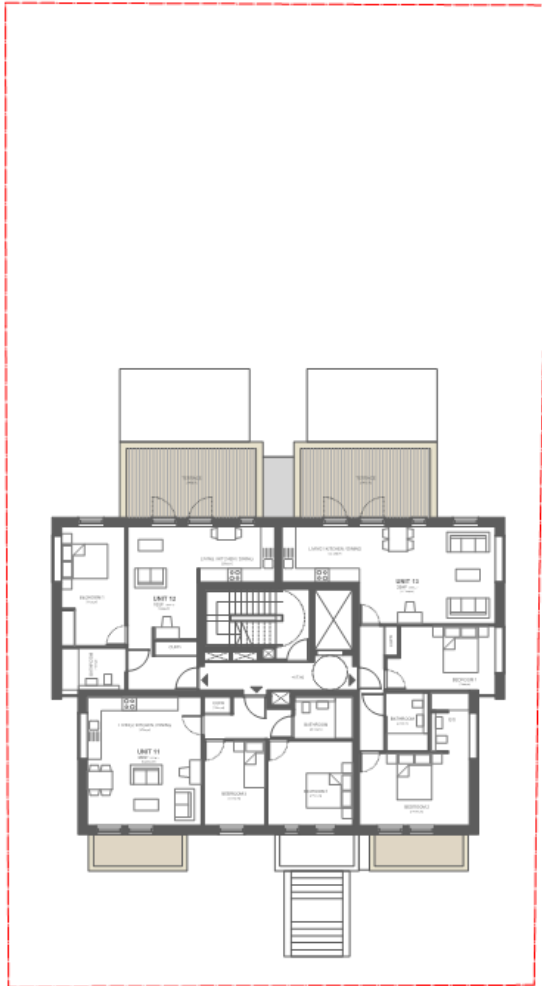
Proposed Upper Ground Floor and 1st Floor



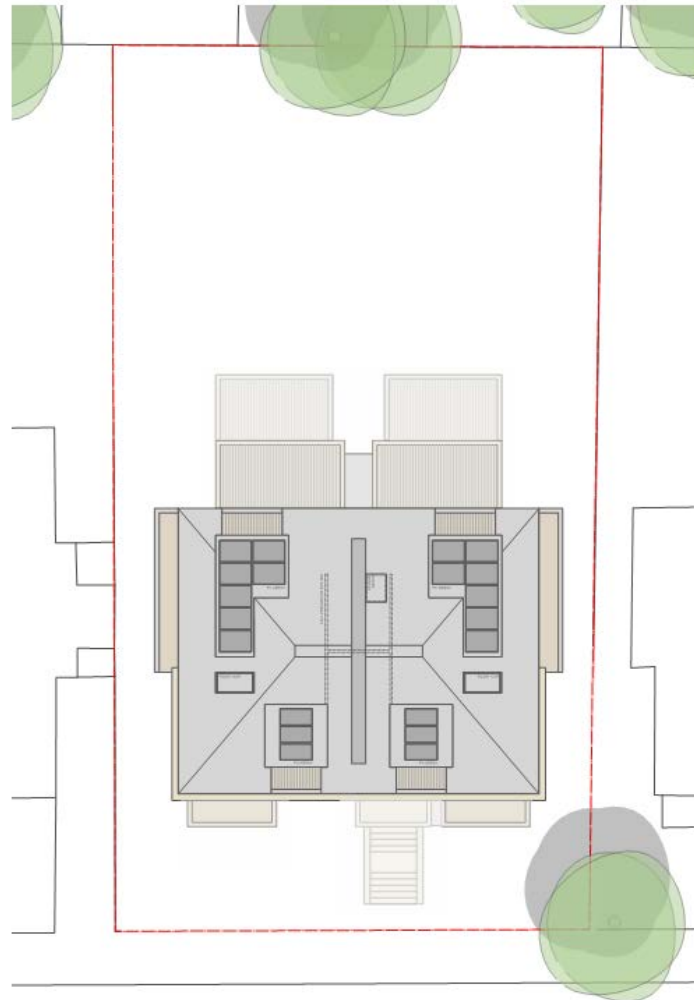
LANCASTER GROVE



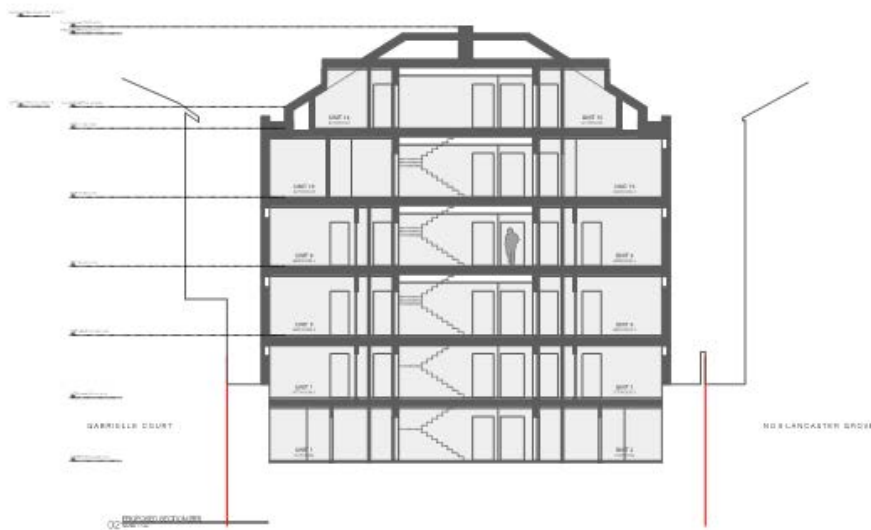
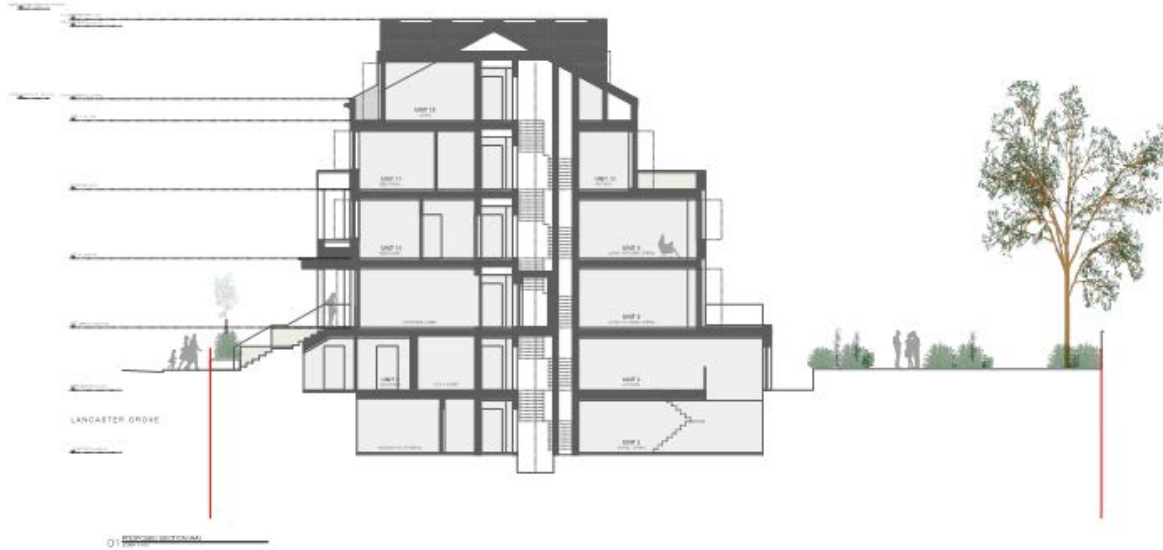
Proposed 2nd Floor and Attic Floor



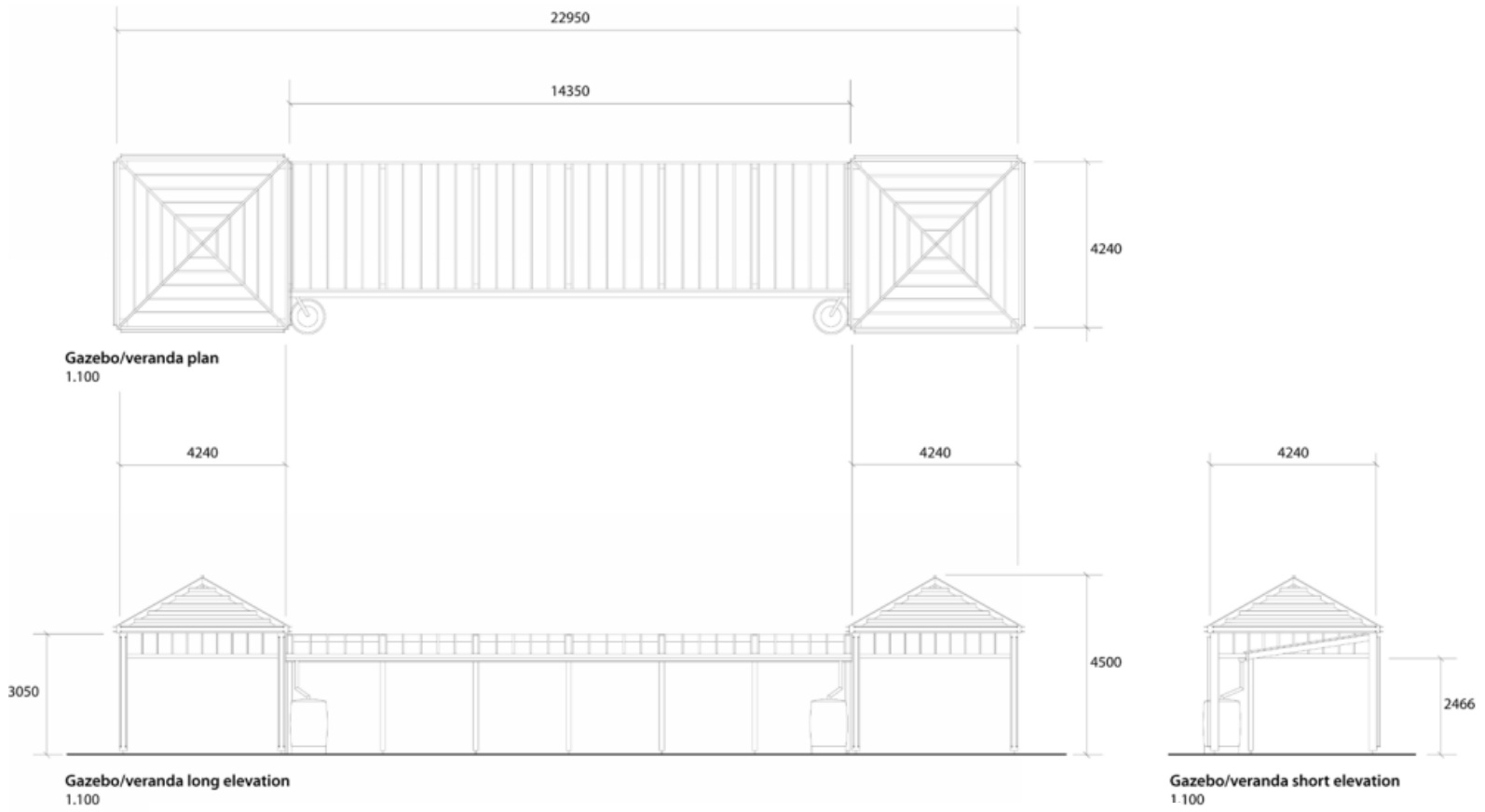
Proposed Roof Plan



Proposed Sections



Proposed Elevations and Plans of Pergola and Glazed Veranda



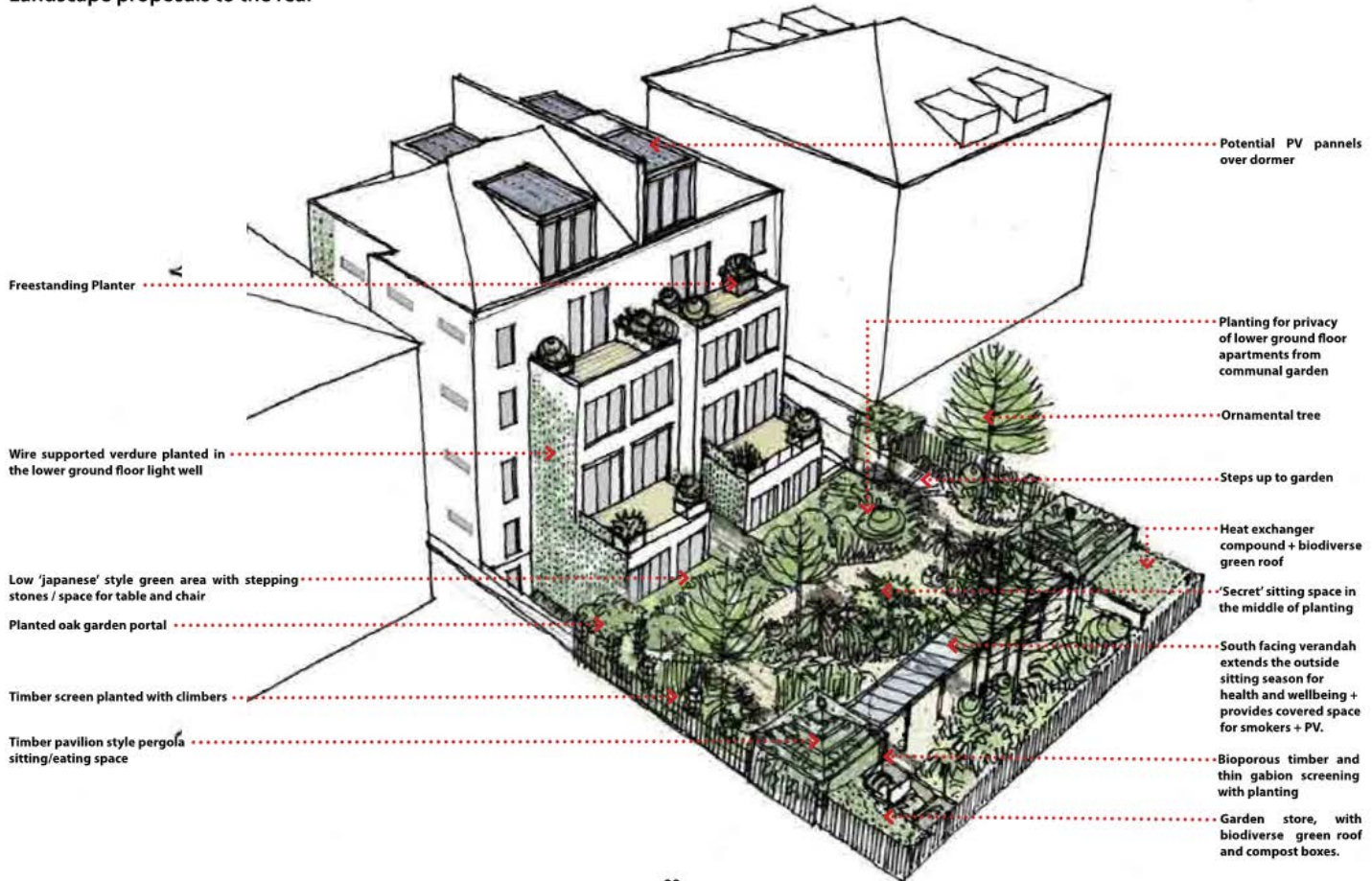
Two timber pergola pavilions and a glazed verandah

Rear Landscape Plan



Landscape Proposals (rear)

Landscape proposals to the rear



Landscape Proposals (front)

Landscape proposals to the front

In Victorian times hedges and closely planted limes were often a feature of villa front gardens for privacy. The boundary with the back of the pavement is a low rendered wall backed by a yew hedge with a pleached lime tree screen 4.5m high above that. Low aromatic plants to be planted on the ground sloping back towards the building. The blank flank walls to west and east would be planted with wisteria and semi evergreen honeysuckle (*Lonicera henryi*) on strained wire supports. Apart from scented nectar bearing flowers early and in season, these plants may provide roosts for small song birds. Bird and bat boxes can be installed on the cooler east side. We propose that biodiverse living roofs be considered above the porch and bays.

Potential PV panels over dormer

Potential for greening balcony space to improve the apartment view

Wire support vines to flank walls

Bird and bat boxes to east wall

Living biodiverse roofs to bays and porch

Pleached lime screen

Low rendered front wall and hedge behind

Low yew hedge in place of a wall and railings

