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**Stephenson House, Hampstead Road, NW1 2PL  
London Borough of Camden**

On behalf of Lazari Properties 2 Limited

**Affordable Housing Statement**

Date: July 2017

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## Contents

Page

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<b>1</b>	<b>Introduction and Instructions</b>	<b>4</b>
<b>2</b>	<b>The Proposed Development</b>	<b>5</b>
<b>3</b>	<b>Planning Context</b>	<b>7</b>
<b>4</b>	<b>Financial Viability and overall Affordable Housing Offer</b>	<b>14</b>
<b>5</b>	<b>Detailed Affordable Housing Offer: Tenure and Mix of Units</b>	<b>16</b>
<b>6</b>	<b>Detailed Affordable Housing Offer: Rental Levels and Affordability</b>	<b>22</b>
<b>7</b>	<b>Conclusion</b>	<b>26</b>

## Tables

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**Table 1: Scheme Summary**

**Table 2: Residential Summary**

**Table 3: Proposed Affordable Housing Offer**

**Table 4: Social- Affordable Unit Breakdown**

**Table 5: Intermediate Rented Unit Breakdown**

**Table 6: Social-Affordable Rent Mix of Units compared with Policy Guidance**

**Table 7: Intermediate Rent Mix of Units compared with Policy Guidance**

**Table 8: Summary of the Affordable Housing Offer**

**Table 9: London Affordable Rent Proposed Rent Levels**

**Table 10: Income Affordability Requirements for London Affordable Rents**

**Table 11: Intermediate Rented Affordability and Income Requirements**

# **1 Introduction and Instructions**

- 1.1 Gerald Eve LLP is instructed by Lazari Properties 2 Limited (“the Applicant”) to produce an Affordable Housing Statement (‘AHS’) in support planning application at Stephenson House, Hampstead Road, London Borough of Camden (“the Site”).
- 1.2 The AHS is submitted on behalf of the Applicant, Lazari Properties 2 Limited.
- 1.3 The remainder of this report is set out as follows:

## **2) The Proposed Scheme**

## **3) Local Planning Context: Affordable Housing**

## **4) Financial Viability and Overall Affordable Housing Proposal**

## **5) Detailed Affordable Housing Proposal: Tenure and Mix of Units**

## **5) Detailed Affordable Housing Proposal: Rental Levels and Affordability**

## **7) Concluding Statement**

## 2 The Proposed Development

### Introduction

- 2.1 A detailed description of the Site and its surroundings is contained within the Planning Statement. A summary is therefore provided in the section below.

### Planning application

- 2.2 The planning application proposes:

*“Extensive refurbishment and mixed use redevelopment of Stephenson House to provide Class B1 Office floor space, flexible Class B1/D1 floor space, 17 Residential units, and Class A1 Retail Units at ground floor, with public realm improvements.”*

- 2.3 Full floorplans for the Scheme can be found in the Design and Access Statement which accompanies the planning application.

**Table 1: Scheme Summary**

Use	GIA (sqm)	GIA (sqft)	NIA (sqm)	NIA (sqft)
Residential	2,130	22,927	1484	15,974
Office (Use Class B1 including parking and plant area)	18,181	195,698	13,891	149,521
Retail (Use Class A1)	857	9,225	851	9,160
Café (Use Class A3)	118	1,270	113	1,216
Flexible Office & NHS Clinic (Use Class B1/D1)	904	9,731	877	9,483
<b>Total:</b>	<b>21,286</b>	<b>229,120</b>	<b>17,216</b>	<b>185,311</b>

Source: Mark Barfield Architects

## Residential

- 2.4 The residential accommodation includes up to 17 residential units.

**Table 2: Residential Summary**

Unit Type/ Size	Unit No
1B2P	1
2B 3P	3
2B3P (Duplex)	3
2B4P	2
2B4P (Duplex)	1
3B5P	7
<b>Totals</b>	<b>17</b>

Source: Mark Barfield Architects

## Affordable Housing

- 2.5 For the purposes of assessing viability and the proposed affordable housing offer, specific units have been designated as affordable within the Scheme. Further detail is provided in section 4 of this report.

### 3 Planning Context

#### Introduction

- 3.1 In this section we provide a brief overview of relevant planning background to the Scheme. A more detailed assessment is contained within the planning statement, which has been submitted to LBC as part of the planning application. This section also provides an overview of key planning policies associated at national, regional and local level including an overview of the planning background relating to the Scheme. Additional reference should be made to the National Planning Policy Framework ('NPPF'), the Planning Practice Guidance ('PPG'), the London Plan, the London Housing SPG, London Borough of Camden's Local policies ("LBC").
- 3.2 The affordable housing strategy for the application has been set in accordance with National and Regional Planning Policy guidance and has had regard for the following:
- National Planning Policy Framework (March 2012), ('NPPF')
  - The London Plan (2011) and Further Alterations to The London Plan (March, 2016)
  - Greater London Authority Housing Supplementary Planning Guidance (March, 2016), ('SPG')
  - Draft Affordable Housing and Viability Supplementary Guidance (November 2016), ('Draft SPG')
- 2.2 Locally, it has also had regard for the following London Borough of Camden policies and guidance:
- Camden Core Strategy (November 2010)
  - Camden's Development Policies DPD (November 2010)
  - Camden Planning Guidance Housing (May, 2016), (CPG2)
- 2.3 The following evidence base, Housing Strategy and funding programme documents have also been considered:
- Camden– Intermediate Housing Strategy (Cabinet Report, April 2016) ('IHS')
  - GLA – Homes for Londoners – Affordable Homes Programme 2016-21 Funding Guidance (November 2016) ('HFG')

## National Planning Policy Framework

- 3.3 The NPPF was published in March 2012 and sets out the Government's economic, environmental and social planning policies for England. It summarises in a single document all previous national planning policy advice. Taken together, these policies articulate the Government's vision of sustainable development, which should be interpreted and applied locally to meet local aspirations.
- 3.4 In respect of affordable housing, paragraph 50 of the NPPF aims to boost significantly the supply of housing and states that where local planning authorities have identified that affordable housing is needed, they should set policies for meeting this need onsite, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified. Such policies should be sufficiently flexible to take account of changing market conditions over time.
- 3.5 The NPPF also recognises that development should not be subject to such a scale of obligation and policy burdens that its viability is threatened. This reinforces the need for viability testing in order to allow willing landowners and developers to receive competitive returns which in turn enable the delivery of development.
- 3.6 In the context of achieving sustainable development the NPPF refers to ensuring viability and deliverability and states:

*"To ensure viability, the costs of any requirement likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking into account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable".<sup>1</sup>*

## Planning Practice Guidance (PPG)

- 3.7 The PPG provides guidance to support the NPPF and to make it more accessible. The statements below are from Section 3 of the PPG Viability Guidance found on the Government's online planning portal.
- 3.8 With regards to the Council's consideration of planning obligations in relation to viability

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<sup>1</sup> Paras. 173-177 NPPF



– including the assessment of affordable housing provision, PPG states:

*“In making decisions, the local planning authority will need to understand the impact of planning obligations on the proposal. Where an applicant is able to demonstrate to the satisfaction of the local planning authority that the planning obligation would cause the development to be unviable, the local planning authority should be flexible in seeking planning obligations.*

*This is particularly relevant for affordable housing contributions which are often the largest single item sought on housing developments. These contributions should not be sought without regard to individual scheme viability. The financial viability of the individual scheme should be carefully considered in line with the principles in this guidance.’<sup>2</sup>*

### **Regional Planning Policy**

- 3.9 The London Plan, July 2011 with Revised Early Minor Alterations (October 2013) and Further Alterations (March 2015 and March 2016) is the Regional Spatial Strategy for Greater London defined to include the 32 Boroughs and the City of London. The aim of the London Plan is to set out a framework to co-ordinate and integrate economic, environmental, transport and social considerations over the next 20 to 25 years. The London Plan forms the London-wide policy context within which the Boroughs set their local planning agendas, and forms part of the statutory Development Plan.
- 3.10 The London Plan builds upon many of the policies set out at the national level with a significant emphasis upon achieving development in the most suitable and sustainable of locations, prioritising the use of previously developed land and making the most efficient use of available land.
- 3.11 The growth and management of the city form the major challenge and overarching concern of the London Plan, and are prioritised in order to allow London to excel among global cities within the context of significant rates of development and population increases. The detailed objectives of the Plan seek to ensure that London are set out below:

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<sup>2</sup> Para. 019. Ref ID: 10-019-20140306

- A city that meets the challenges of economic and population growth;
- An internationally competitive and successful city;
- A city of diverse, strong, secure and accessible neighbourhoods;
- A city that delights the senses;
- A city that becomes a world leader in improving the environment; and
- A city where it is easy, safe and convenient for everyone to access jobs, opportunities and facilities.

3.12 The London Plan establishes the need for regional growth in housing and employment and identifies Opportunity Areas as a means by which this requirement can be accommodated. The London Plan seeks that development should maximise the potential of sites, create or enhance the public realm, provide or enhance a mix of uses, respect local context, character and communities and be sustainable.

3.13 Policy 3.8 states, that whilst boroughs should seek the maximum reasonable amount of Affordable Housing, regard should be had to the need to encourage rather than restrain residential development. Negotiations on sites should take account of their individual circumstances, including development viability.

3.14 Policy 3.10 goes on to state that affordable housing including affordable rented and intermediate housing, should be provided to meet the needs of specific households whose needs are not met by the market.

3.15 Policy 3.12 states that the maximum reasonable amount of affordable housing should be sought when negotiating on mixed use schemes. In particular the policy sets out that regard should be had to the current and future requirements for affordable housing at local and regional levels. Going on to state that there is a need to encourage rather than restrain residential development and promote mixed and balanced communities. The size and type of affordable housing delivered should reflect the size and type of affordable housing currently in need. Part B of Policy 3.12 states that negotiations on sites should take account of their individual circumstances including the viability of schemes and the availability of public subsidy.

3.16 The Affordable Housing thresholds are set out in Policy 3.13 which states that

Boroughs should normally require affordable housing provision on a site which has capacity to provide 10 or more homes.

- 3.17 Paragraph 3.37 of the London Plan reiterates that the Mayor wishes to encourage, not restrain, overall residential development and that Boroughs should take a reasonable and flexible approach to securing affordable housing on a site by site basis.

### **Mayors Supplementary Planning Guidance ('SPG')**

- 3.18 The current Housing SPG March 2016 has been updated to reflect the Further Alterations to the London Plan ('FALP') and the Minor Alterations to the London Plan ('MALP'). It provides updated guidance on a range of strategic policies including housing supply, residential density, housing standards; build to rent developments, student accommodation and viability appraisals. This SPG replaces the 2012 Housing SPG and the Mayor's Housing Standards Policy Transition Statement.

- 3.19 In November 2016 the Mayor published a revised draft SPG, which has just completed a consultation period. Whilst this currently has limited weight, we have had regard to it in this statement.

- 3.20 The key theme from the Draft SPG is the GLA emerging flexibility with regards to tenure mix on new developments. Point 2.27 of the document refers to the following flexibility allowed in regards to tenure mix (2.27 GLA SPG) is applied to the scheme.

- *30% low cost rent (social rent or affordable rent) with rent set at levels that the LPA considers genuinely affordable;*
- *30% as Intermediate products, with London Living Rent and/ or shared ownership being the default tenures assumed in this category;*
- *The remaining 40% to be determined by the relevant LPA.*

- 3.1 Further guidance on the above tenures as rental levels is discussed in Section 6 of this statement.

### **Local Planning Policy**

- 3.2 At the local level, the Camden Council Core Strategy (November 2010) sets out the

strategic policies. Affordable housing provision is specifically covered within Policy CS6 – Providing Quality Homes.

- 3.3 The Core Strategy (November 2010) sets out the Council's overall policy CS6 for Camden including the borough-wide strategic target to meet or exceed a total of 8,925 additional homes from 2010-2025. Within this, the policy seeks to ensure that 50% of the borough-wide target is provided as affordable housing.
- 3.4 CS6 also includes a requirement to provide a tenure mix of 60% Social Rented and 40% Intermediate Affordable Housing, in terms of net floor space (2.42). It should be noted that in subsequent documents, notably the CPG2, the Council's reference to tenure has been amended and as per paragraph 2.45, should now be treated as Social- Affordable Rented Housing and Intermediate Housing.
- 3.5 The Development policies are set out within Development Policy document, which was also implemented in November 2010. The relevant policies include DP3 – Contributions to the supply of affordable housing, DP4 – Minimising the loss of affordable homes and DP5 – Homes of different sizes. DP3 and DP5 are the most relevant policies relating to new provision.
- 3.6 Policy DP3 supports the delivery of CS6 by setting out the detailed approach to providing affordable housing. 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 a target of 50% of the total additional housing floor space, 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.
- 3.7 3.6 Policy DP3 is aligned with CS6 and specifies the 60% Social-Affordable Rented and 40% Intermediate tenure split. However, the policy recognises that in some circumstances this may not be achievable. For example, due to affordability and/or viability constraints.
- 3.8 In situations where a development is unable to provide more than 30% affordable housing floor space in total, the Council may have a preference to prioritise Social-Affordable rented over Intermediate. (CS6 2.44)

- 3.9 Policy DP5- Homes of Different Sizes is discussed in detail in the following section where the affordable housing offer is reviewed in relation to the policy requirements.
- 3.10 Policy CS6, and also DP6, addresses the needs of those with mobility difficulties and therefore require dwellings suitable for people requiring wheelchair access to be included in development proposals.

### **Summary**

- 3.11 A review of national, regional and local policies demonstrates that the LBC is aligned with national and GLA policies.
- 3.12 The affordable housing policy agenda has undergone important change at the London level, with the emergence of GLA policy through the Draft SPG. The SPG supports flexibility within affordable housing offers and encourages LPAs to adopt this strategy.
- 3.13 Under the local policies the LBC policies seeks the maximum provision of affordable housing on all mixed use developments with a capacity for more than 10 dwellings or 1,000 sqm (gross) of additional floor space.
- 3.14 LBC seeks developments containing 60% Social-Affordable and 40% Intermediate housing.
- 3.15 The Unit mix specified places an emphasis on larger family sized accommodation for the Social-Affordable units, with a more flexible, site specific approach for the Intermediate units.

## 4 Financial Viability and overall Affordable Housing Proposal

### Introduction

- 4.1 In this section of the report the proposed affordable housing offer is set out.
- 4.2 In accordance with planning policy, the level of affordable housing that can be supported by the proposal is determined by scheme viability.
- 4.3 GE tested the provision of a policy compliant level of affordable housing on this Site, in line with the aspirations of Policy CS6 and DP3 regarding the overall percentage and a tenure split of 70% Rented and 30% Intermediate within this. It was concluded that overall 35% affordable housing could be provided on site.
- 4.4 On this basis, it is proposed that 60% of the affordable floor space, equating to 4 units would be offered as Social-Affordable Rented. However, due to the proposed unit mix and the Applicants objective to meet policy requirements in terms of unit sizes, the actual floor space designed as Social-Affordable Rented equates to 70%.
- 4.5 The remaining 30% of the floor space will therefore be offered as Intermediate, equating to 2 units.

**Table 3: Summary of Affordable Housing Offer**

Tenure	No. of Units	Floorspace Sq ft (NSA)
Social-Affordable	4	3,789
Intermediate	2	1,658
<b>Total</b>	<b>6</b>	<b>5,447</b>

Source: Marks Barfield Architects

## Summary

- 4.6 The affordable housing proposal represents a provision of 35% of all the residential units in the Scheme, with a tenure split of 70% Social-Affordable rented and 30% Intermediate housing. This equates to 6 affordable units on-site.
- 4.7 The outcome of the detailed discussions with the Council and the GLA will determine the overall planning offer including borough and Mayoral CIL, the affordable housing contribution and other benefits that the Scheme can support whilst ensuring delivery in accordance with the NPPF.

## 5 Detailed Affordable Housing Proposal: Tenure and Mix of Units

### Introduction

- 5.1 This section provides further detail on the Applicant's affordable housing proposal. The proposal is subject to further discussions with Council Officers.

### Tenure

#### Social-Affordable Rented Housing

- 5.2 An affordable housing offer proposing 70% Social/Affordable Rented accommodation has been proposed for this scheme.
- 5.3 The Council considers Social and Affordable Rented housing as one type of provision and refers to it as '*Social/Affordable rented housing*' in Policy DM3. Both definitions have therefore been considered below.
- 5.4 Social Rented housing is defined as:

*"Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency" (NPPF, p.56)*

- 5.5 Affordable Rented housing is defined as:

*"Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)" (NPPF, p.56)*

#### Intermediate Housing

- 5.6 Intermediate Housing is defined as:

*"Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition"*



*above. These can include shared equity (shared equity and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing” (NPPF, P.56).*

5.7 Intermediate Housing is defined by the NPPF as follows:

*“Housing that costs more than social housing but less than the equivalent market housing. Intermediate housing costs (including service charges) must also be cheap enough for eligible income groups to afford. It can include a range of tenures such as:*

- *Rented housing*
- *Shared Ownership housing (where occupiers buy a share and rent the remainder)*
- *Shared Equity housing*
- *Homes for sale at less than market price”.*

5.8 Intermediate Rent is the housing product proposed in this Scheme in line with Camden’s policy requirements.

### **Total Affordable Housing Units**

5.9 Overall, a total of 17 units are proposed in this mixed use scheme. As discussed, this comprises a tenure split of 70% floor space as Social-Affordable equating to 4 units and 30% Intermediate (Intermediate Rent) equating to 2 units.

5.10 The assumed unit breakdown is set out in Tables 4 and 5.

**Table 4: Social- Affordable Unit Breakdown**

Unit Size	Unit No	Average Unit Size (sqft)
2B3P ACC	1	947
3B5P	3	947
<b>Totals</b>	<b>4</b>	

Source: Marks Barfield Architects

**Table 5: Intermediate Unit Breakdown**

Unit Size	Unit No	Average Unit Size (sqft)
2B/3P (D)	1	807
2B/3P (D)	1	850
<b>Totals</b>	<b>2</b>	

Source: Marks Barfield Architects

## Location of Units

- 5.11 The affordable housing will be located in a separate core to the private accommodation.
- 5.12 The 6 units will be located from 2<sup>nd</sup> to 7<sup>th</sup> levels.

## Mix of Units

- 5.13 As this scheme is set to provide a mixture of Social Affordable and Intermediate Rented accommodation, it is useful to analyse the proposed mix in relation to the requirements for these two tenures set out in Tables 6 and 7.
- 5.14 The Council seeks the provision of a mix and range of housing as set out in Policy DP5: Homes of Different Sizes.
- 5.15 In Policy DP5, the Council seeks to ensure the creation of mixed and inclusive communities by securing a range of self-contained homes of different sizes. The policy requires the following:
- *That all developments meet the priorities set out in the Dwelling Size Priorities Table;*
  - *A mix of small and large dwellings specifying large family units in Social- Affordable as the priority.*
- 5.16 CPG2 sets out a more detailed requirement for Social-Affordable Rented unit mixes:
- *1 Bed: No more than 20% of units;*
  - *2 Bed: 30% of units;*
  - *3 Bed: 30%, or 50% if no 4 bedroom homes are provided;*
  - *4 Bed: 20% of units.*
- 5.17 Similarly, for Intermediate units, the required mix is preferred:
- *Studios: Acceptable but will be resisted if all of the units provided comprise of this unit size*
  - *1 Bed and 2 beds: Proportions required are flexible as long as key affordability and*

*income criteria are met.*

- 5.18 However, it is stated in CPG2 that the exact mix of dwellings will be negotiated with developer's and providers of affordable housing taking into account the character of the development, the site and the area, and other criteria included in DP5.
- 5.19 As this scheme is set to provide a mixture of Social-Affordable and Intermediate Rented accommodation, it is useful to analyse the proposed mix in relation to the requirements for this tenure set out above.

#### Mix of Units: Social-Affordable Rent

- 5.20 The following table sets out how the proposed Scheme meets the affordable housing mix requirements set by the borough.

**Table 6: Social-Affordable Rent Mix of Units compared with Policy Guidance**

Unit Type	Mix			Councils Preferred Housing Mix
	No/ of Units	% by Floorspace	% by Unit	
1 Bed	0	0	0	20%
2 Bed	1	25%	25%	30%
3 Bed	3	75%	75%	30% or 50% if no 4 beds are provided
4 Bed	0	0	0	20%
<b>Totals</b>	<b>4</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: CPG2 and GE

- 5.21 Overall, 75% of the affordable floor space and total units will be provided as large family sized units. This exceeds the policy target of 50% and meets one of the Council's key priorities.

### Mix of Units: Intermediate Rented

- 5.22 The following table sets out how the proposed Scheme meets the affordable housing mix requirements set by the borough.

**Table 7: Intermediate Mix of Units compared with Policy Guidance**

Unit Type	Mix			Councils Preferred Housing Mix
	No. of Units	% by Floorspace	% by Unit	
2 Bed	2	100%	100%	Flexible approach
3 Bed	0			
<b>Totals</b>		<b>100</b>	100	100%

Source: CPG2 and GE

- 5.23 Two 2 Bed/ 3 Person Intermediate Rented units will be provided. The affordability of these units will be discussed in Section 6.

### **Summary**

- 5.24 The affordable housing units will be located in a separate core to the private market housing.
- 5.25 The tenure split proposed is in line with policy objectives and exceeds the target levels for Social-Affordable Housing.
- 5.26 The unit mix provided focuses on larger, family sized accommodation in line with the requirements and policy objectives set out by the Council.

## 6 Detailed Affordable Housing Offer: Rental Levels and Affordability

### Introduction

- 6.1 In this section the Council's Social- Affordable and Intermediate Rented housing is considered. This includes proposals for the weekly rental levels which are reviewed in relation to Local Housing Allowance and the Mayors 'London Living Rent' policy.

### Social-Affordable Rents

- 6.2 It is proposed that the rental levels will in set in line with the London Affordable Rent figures, as specified in the GLA's Homes for London Investment Prospectus. The units will be set at rent levels in line with the 2017-18 benchmarks. These reflect the formula rent cap figures for social rents uprated by CPI for September 2016 plus one per cent.
- 6.1 The proposed rent levels are set out in the following table and highlighted where relevant.

**Table 8: London Affordable Rent Proposed Rent Levels**

Unit Size	London Affordable Weekly Rents Benchmark Levels (£)	Estimated Weekly Service Charges (£)	Total Weekly Housing Costs inc. Service Charges (£)	London Affordable Weekly Rent Plus Service Charges as a % Market Rent (GLA London Rent Map)	London Living Weekly Rent (£)	Local Housing Allowance Weekly (£)
1 Bed	£144	£21	<b>£165</b>	43%	£224	£261
2 Bed	<b>£153</b>	£27	<b>£180</b>	33%	£248	£302
3 Bed	<b>£161</b>	£39	<b>£200</b>	31%	£273	£354

Source: Homes for Londoners Investment Prospectus (2016), GLA London Living Rents, Local Housing Allowance, GLA Rent Map

- 6.3 The rent levels have also been checked against the Local Housing Allowance (LHA) for the Central London Broad Rental Market. The local limits are based on the cheapest 30% of properties in an area. It is evident that the proposed rent levels fall well below the caps for this area.
- 6.4 The proposed rents have also been considered in relation to London Living Rents and the Mayor's new policy in this area. These rents are based on median gross household incomes for particular geographical areas, rather than a set London-wide rate. The levels used here are based on analysis of Ward Benchmark Data for the Regents Park Ward, where this Scheme is located. Table 9 below demonstrates that the proposed rents are well below these levels and met the GLA affordability criteria.
- 6.5 The level of service charge will be set at a reasonable and affordable level. The internal design and communal amenity space will be designed in a way that ensures durability and low maintenance ensuring service charges are kept to a minimum.
- 6.6 In order to calculate the estimated total weekly housing costs, an assumption of £2.00 psf service charge has been included in the table in line with market norms.
- 6.7 Based on the above analysis, Table 9 sets out the annual household income levels that would be required in order to afford the weekly housing costs for these properties.

**Table 9: Income Affordability Requirements for London Affordable Rents**

Unit Size	London Affordable Weekly Rents (£)	Estimated Weekly Service Charges (£)	Total Weekly Housing Costs inc. Service Charges (£)	Total Annual Housing Costs inc. Service Charges (£)	Annual Household Income Required (£)
1 Bed	£144	£21	<b>£165</b>	£8,578	£30,622
2 Bed	£153	£27	<b>£180</b>	£9,352	£33,386
3 Bed	£161	£39	<b>£201</b>	£10,429	£37,230

Source: GE

## Intermediate Rent

6.8 It is noted that Camden has a comprehensive policy regarding the required rental levels and subsequent affordability and income thresholds that would be required to afford this. This is summarised as follows:

- The CPG2 specifies that the Council will seek to achieve a proportion of the following:
- Intermediate rented homes that households can afford with an income of £30,000 or less per year (gross), (Par 2.50);

6.9 The requirements are set out further in the HIS (2016) and specify that all providers should adopt an approach to intermediate rent with a range of rent levels from 40% to 80% of market rent to secure scheme viability, whilst ensuring that a majority of provision is affordable to households with incomes between £30,000 and £40,000 (as adjusted by wage inflation) (Par 6.15).

6.10 The weekly rental levels, inclusive of service charges, were calculated in line with GLA requirement that:

- *No more than 3.5 times the household income threshold to buy;*
- *No more than 40% of net household income including rent and service charges (with net income assumed to be 70% of gross income).*

6.11 These income levels remain broadly in line with Camden's Intermediate Housing policy that requires the '*majority of provision*' is affordable to households with income between £30,000 and £40,000, as per point 6.6.

6.12 The proposed rental levels are approximately 60% of the Local Housing Allowance for the Central London Broad Rental Market. It should also be noted that the LHA for any area represents the lowest 30% of rental values for an area, demonstrating the significant discount to the market rate the proposed rental levels provide.



**Table 10: Intermediate Rent Affordability and Income Requirements**

Unit Size	London Affordable Weekly Rents (£)	Total Annual Housing Costs inc. Service Charges (£)	Annual Household Income Required (£)
2 Bed	£215	£11,180	£39,130

Source: GE

- 6.13 The above affordability assumptions are estimated at this stage and are subject to change. They are considered reasonable based on the current market and London Borough of Camden income and affordability requirements.

### Summary

- 6.14 The Social-Affordable Rented units will be let at London Affordable Rent in line with the Council and GLA requirements. The annual household income levels required to meet the total housing costs are below the median household income for both the ward and wider borough.
- 6.15 The affordability of the Intermediate units has been set in line with the Camden HIS (2016) and on average will be accessible to households earning £30k - £40k per annum.

## 7 Conclusion

- 7.1 Affordable housing is a key element in the proposed delivery of the Scheme.
- 7.2 The financial viability assessment for the Scheme demonstrates that a total of 35% affordable housing can be delivered on this Scheme in line with the policy requirement for housing overall.
- 7.3 The Scheme will therefore provide 35% on-site affordable housing at a tenure split of 66:34 (Social-Affordable Rented: Intermediate rented) equating to 6 units on-site.
- 7.4 The proposal also includes a planning obligations package. This combined package is considered the maximum reasonable level that the Scheme can afford.
- 7.5 The unit mix proposed meets policy requirements and exceeds the key priority in terms family sized accommodation.
- 7.6 The proposed London Affordable Rent levels meet both the Council and GLA policies for rented housing and the affordability requirements associated with this.
- 7.7 The Intermediate housing will be provided as Intermediate Rent. The proposed household income requirements for this product are within the Council requirements and will be accessible to households on income of between £30- £40k.