

1st to 3rd floors Cambridge House, 373-375 Euston Road – Planning application reference number 2017/7079/P

This note has been prepared in support of a planning application at Cambridge House, 373-375 Euston Road, for the “*change of use from offices (Class B1a) and car showroom (Sui Generis) to education use (Class D1), including refurbishment of the existing building, a two storey extension to create a lecture theatre and classroom, lowering of the existing basement by approximately 250mm and creation of a terrace. Associated works include plant, signage, cycle parking, PV and amendments to openings and entrances*” registered under the London Borough of Camden (LBC) reference number 2017/7079/P.

This note assesses the proposed development against LBC local plan policy with respect to employment uses and also sets out the marketing that has been undertaken for the site.

Previous Planning Permission

A previous planning application was approved on 30 October 2014, under LBC reference number 2014/0603/P for “*change of use from offices (Class B1a) and car showroom (Sui Generis) uses to provide flexible B1 space at basement and ground floor levels, and 16 residential units on upper floors, including extension to create 4th, 5th and 6th floors and recladding of the building.*”

It should be noted that the ground and basement floors are in lawful use as a car showroom (sui generis). This note does not therefore seek to consider the planning issues associated with the conversion of these floors, as these are not subject to the same local planning policy considerations.

The principle of the loss of 724sqm of employment generating floorspace (excluding basement and ground floor) has been accepted by LBC when planning permission was granted for residential use of the site. This planning permission was not implemented and has now lapsed.

In support of the residential planning application a Commercial Floorspace Assessment was prepared which provided a detailed commentary on the office market and an assessment of the limitation of the existing building to be upgraded for continued employment occupation. This has been supplemented by additional work undertaken by the Birkbeck design team and Savills when the property was purchased by Birkbeck in May 2015.

Background

The Commercial Floorspace Assessment noted that the occupancy of the building had been in gradual decline for some years. By the time the residential planning application was submitted in 2014, the entire building was vacant. At that stage consistent marketing efforts by the marketing agents, Metrus (formerly MERJS) were unsuccessful.

Birkbeck purchased the site in May 2015 and subsequently engaged in pre-application discussions with LBC with respect to delivering an education building on the site. The site was not marketed during this time on the basis that the building had been vacant for the previous four years with active marketing in place. The property is currently occupied by live in guardians to protect the building from vandalism and further decline.

In summary:

1. The site has reached the end of its lifecycle, and now needs significant (unviable) investment totalling in the region of £804,000 (in 2014). Due to inflation and an increase in construction by approximately 16% (over the past four years), the refurbishment costs has increased to circa £1,001,570 in order to regain a footing in the local office market by providing all "Grade

A" office floorspace. There is no guarantee that this investment would make the building attractive to the market.

2. The local office market has undergone a period of change, with emphasis being placed on larger, Grade A modern buildings being delivered in and around the near vicinity of Cambridge House. This has had the clear effect of enhancing competition for office floorspace in the local area, and in the context of a raised bar in the standard of office accommodation available on the market which has had the effect of making smaller, older premises uncompetitive in the market.
3. In the case of Cambridge House the building contains the minimum required facilities which do not reflect Grade A quality, and has suffered over the past 15 years from part-occupation and a lack of consistent occupation to complete vacancy over the past 8 years.
4. There is currently the availability of significant quantum of floorspace in close proximity to Cambridge House which means that whilst Cambridge House has been in gradual decline, other floorspace of higher quality is more than adequate to meet market demand.

Office Market

The GLA London Office Policy Review 2017 notes that over the period 2001 to 2016, the office stock within LBC increased by 14.4%, an increase of just under 300,000sqm. Over the period 2016-2041, the office stock in LBC is anticipated to grow by a further 476,000sqm.

The LBC Employment Land Study Final Report (August 2014) sets out a number of recommendations including a selective protection of employment land and premises to ensure that those sites and premises that have little prospect of coming forward for employment use during the Local Plan period are not left vacant. Pursuing this approach, would ensure that there would not be:

- Over protection of sites: For example, a policy of maximum protection, with no release, across all sites would see sites which are no longer suitable for employment use protected. This could result in underutilised economic potential, inefficient use of assets and blight, which could impact negatively on the surrounding property market and deter or limit investment; or
- Under protection of sites: The property market generally responds to shorter term indicators of demand. By allowing the market to intervene, without limitation, would impact negatively on the long term provision of employment land and premises and have implications economic wealth creation and employment, not only for the B Camden but also potentially for the CAZ.

The report notes that the implications of not following a balanced approach which is sensitive to the direction and changing needs of business in terms of premises, location and formats is that economic growth for LBC could be impaired.

Although the report notes that LBC is expected to experience demand for approximately 695,000sqm of office floorspace for the period 2014-2031, the majority of the forecast office space demand is expected to be for large, high quality offices in the Midtown area, in and around King's Cross, Euston, Tottenham Court Road and Holborn, as the expectation is that central London office market will continue to grow in importance.

Planning Policy

There is a general presumption to maintain existing employment floorspace. LBC Policy E1 'Economic development' of the Camden Local Plan (2017) seeks to support Camden's industries by:

- i. safeguarding existing employment sites and premises in the borough that meet the needs of industry and other employers; and*

ii. supporting proposals for the intensification of employment sites and premises where these provide additional employment and other benefits in line with Policy E2 Employment premises and sites;

Policy E2 'Employment premises and sites' states that

"We will resist development of business premises and sites for non-business use unless it is demonstrated to the Council's satisfaction:

a. the site or building is no longer suitable for its existing business use; and

b. that the possibility of retaining, reusing or redeveloping the site or building for similar or alternative type and size of business use has been fully explored over an appropriate period of time".

We assess the above planning policy considerations below.

Refurbishment of the Floorspace to Grade A standard

In order to fully explore the current potential of the building to remain in office use, the current condition of the building, and the works that would be required in order to refurbish and maintain the building in its current use has been explored in detail. The last major refurbishment was likely to have taken place in the late 1970's/1980's with some later mechanical and electrical service upgrades and additions in the 2000's.

The following works would be required to refurbish the building:

1. Savills inspected the building in early 2015. Their full inspection of the building fabric, mechanical and electrical and structure concluded that the building is in need of complete refurbishment and renewal of services plant and distribution to include for external fabric repairs to render, replacement of roof coverings complete internal; refurbishment and reconfiguration to meet your occupational needs along with remedial damp proofing in the basement and anticipated drainage repairs.
2. A need for further investigations in respect of the condition of the concealed vaults in the basement in terms of their structural condition.
3. Drainage to be replaced as are currently damaged.
4. The electrical services are at the end of their functional life, and would need to be replaced in order to ensure the building complies with requisite safety regulations and ensure a consistent supply to future occupants;
5. The building requires new lifts;
6. Complete replacement of current dated and failing air conditioning systems;
7. Replacement of the existing single glazing throughout;
8. New mechanical and engineering systems within the building, new raised floors and suspended ceilings would be required.
9. The mechanical, electrical and public health (MEPH) installations need complete replacement.

The above investment would be in the infrastructure of the building and would simply secure the future of the upper floors. The above was calculated as being in the region of £804,000 (in 2014). Due to inflation and an increase in construction costs by approximately 16% (over the past four years), the refurbishment costs has increased to circa £1,001,570 in order to regain a footing in the local office market by providing all "Grade A" office floorspace.

Retaining, reusing or redeveloping the site or building for similar or alternative type

Cambridge House is not appropriate for an alternative employment use. The upper floors of the site are not in a suitable location for light industrial, nor is it suitable for local distribution warehousing, by virtue of the site's location and constrained relationship to neighbouring uses, servicing and highways imitations and amenity issues arising from the operation of any of these uses from the site.

The site lies within an accessible location, but one which is constrained for servicing.

There is no potential for on-site servicing space to accommodate refuse or maintenance vehicles. In addition, the site is very constrained for servicing, located on a one-way route adjacent to a TfL red route, which would prohibit regular unobstructed commercial servicing to the site.

The floor plates at Cambridge House each comprise circa 250sqm and cannot provide larger occupiers who are seeking single floor Grade A offices, or smaller floorplates.

In summary the following uses have been considered and discounted:

Research and development

This use is not consistent with the character of the local area. The significant regeneration of Kings Cross and Regent's Place has resulted in these areas changing markedly. They are now considered to be the location of creative hubs for technology, media and telecommunications companies providing an environment more in keeping with occupier demands as well as being greatly financially competitive against the core West End, City and Western sub markets.

Light industrial consistent with a residential area

A light industrial use at upper floors is inconsistent with the local area in this location and would result in amenity considerations.

General Industrial

This location is not suitable for general industrial. Such uses are promoted within the Camden Industrial Area. It is not appropriate to accommodate such a use here.

Storage and distribution

The available floorspace is not configured in a format that lends itself to storage or distribution use.

Conclusions

It is clear that from the above considerations that the potential for the building to be converted to a similar use, or an alternative business use has been fully explored. However, this is not appropriate in this location and given the building's constraints and the availability of better-suited locations for alternative uses.

Proposed Education Use

University of London (UoL) of which Birkbeck falls under, in association with the London Borough of Camden, have developed a Masterplan to inform the estate strategy over the next 10-20 years considering short, medium and long term growth requirements to ensure that they plan appropriately for the future needs of the university, colleges, institutes and students.

UoL seek to create a world class university environment that is not only connected to its history, but also forward looking.

Whilst Cambridge House does not form part of the UoL Masterplan, the proposed development will create new teaching space for Birkbeck which will free up space within the main campus.

In order to continue to attract and retain the very best students and staff, Birkbeck would like to create exemplary facilities for them. Crucial to this is creating teaching, learning and research environments, adaptable to the changes in technology, communication and teaching practices. To this end, Birkbeck is committed to upgrading its estate so that it is comparable with its international academic reputation.

The proposed building generates no employment opportunities or jobs. The proposed education use of the building will increase the quantum of floorspace on the site and directly employ 20 staff with teaching capacity for up to 610 students, with a maximum of 488 students expected on site at any time based on the operational arrangements of Birkbeck at their existing campus.

Marketing Timeline

The timeline below identified the marketing activity since November 2009 to 2014. Due to the condition of the building it has not been marketed from mid 2015-2018.

November 2009

Metrus Property Advisors were instructed by former owners of the property to commence marketing of the 1st floor at 373-375 Euston Road. The 1st floor was occupied by car hire company Dollar Thrifty, who subsequently vacated the premises in early December 2009.

Property particulars were prepared and the details were added to Metrus Property Advisors website. A marketing board was erected on the property.

November 2009 to October 2010

Despite numerous viewings, there was no firm interest or offers for the first floor for 11 months. By early November 2010, Mace who occupied the 2nd and 3rd floors indicated that they would be interested in the 1st floor on a short term basis or at least co-terminus with their leases for the 2nd and 3rd floors as they were intending to relocate, (the office was used as a site office for a local development). The client at that time was keen to agree terms quickly, mitigate their voids on empty rates and service charge shortfalls and to have some income on the 1st floor, so a deal was agreed at significantly below market rental levels.

October 2011

MERJS I Metrus were contacted by Mace, who confirmed their intention to break their lease in December 2012 and that the 1st to 3rd floor would be vacated. Mace planned to consolidate their business into a single headquarters in the City of London. MERJS I Metrus were subsequently instructed to commence marketing the 1st to 3rd floors from October 2011 onwards. In-house property particulars were prepared and the details were added to the Metrus website. A marketing board was again erected on the property.

October/November 2011

The owners instructed Lewis and Partners to market the freehold interest of the property. With the uncertainty of tenants for the 1st to 3rd floors, the building didn't sell and the property was withdrawn from the market. There was no interested party, and Mace vacated.

February 2013

The owners instructed Michael Elliot to market the freehold interest of the property. The owners agreed and completed the sale was completed.

April 2013 to mid 2015

The new owners of Cambridge House instructed Metrus Property Advisors to continue marketing the 1st to 3rd floors. The board remains on the property with details of available space displayed on the Metrus | MERJS website. There was no firm interest in the vacant floors.

Maximising Housing Supply

Policy H1 seeks to maximise the delivery of housing within the Borough. Part C of Policy H1 state that the Council will resist “*alternative development of sites identified for housing or self- contained housing through a current planning permission or a development plan document unless it is shown that the site is no longer developable for housing*”.

The application site benefited from a residential planning permission for 16 residential units which lapsed in October 2017. Following the grant of planning permission, the site was placed on the market. The site remained on the market for circa 10 months before it was purchased by Birkbeck as there had been no interest from residential developers for the site and the site provided attractive to Birkbeck as a result of its excellent public transport accessibility and its proximity to their main campus at Malet Street.

Although the reasons for the lack of interest in the building (with the benefit of the residential planning permission) is not known it is likely to be as follows:

- **Location** – the site is not the most appropriate location for residential accommodation being located on the Euston Road and suffering from the effects of traffic noise and pollution. It is surrounded by a wide range of communal and employment occupiers
- **London Underground** – due to the proximity of the London Underground Northern Line, the effects from vibration can be felt and requires mitigation. Commercial properties are less affected by this type of nuisance.
- **Standard of residential accommodation** – the lapsed consent benefited from permission for 16 residential units with a general arrangement of four flats per floor. Seven of the flats did not provide any outdoor amenity space provision, with the remaining nine flats provided with narrow, small and awkward shaped winter gardens. Although the residential flats all provided in excess of the London Plan requirement, many of the flats are designed with an awkward internal arrangement due to retrofitting into a long and narrow shaped building floorplate, that was originally designed for a different use.
- **Exiting building structure** – our clients structural engineers Webb Yates have undertaken a detailed structural analysis of the existing building and have confirmed that the residential planning permission is not deliverable. The existing structure is only able to support two of the additional three floors that was granted planning permission. The proposed development comprising a roof top lecture theatre is a light weight volume on the existing building which can be supported structurally.

Notwithstanding the above, it should be noted that the delivery of this site for residential accommodation is not needed for LBC to meet their housing need. The Camden Authority Monitoring Report 2015/16 sets notes that during the period 2015/16, a net total of 1,388 new homes were completed in the borough, exceeding the annual London Plan target of 889 new homes. Camden’s five-year supply of deliverable sites for housing amounts to 6,725 homes (or circa 1,345 homes per year). This exceeds the target of 5,880 homes for the period.

Conclusion

Despite substantial period of marketing, evidenced within this report, the building has been slipping into gradual decline and now lies vacant. The office space, and building as a whole, is in need of significant investment to ensure that the building is able to meet modern office tenants' requirements.

Alternative business uses and investment options have been considered for the floorspace, but these are wholly unviable and inappropriate in this location, and would not be certain of securing a viable future for the building.

The proposed planning application will redevelop the building for education use. Indeed, part e) of Policy E1 'Economic Development' states that the Council will "*support the development of Camden's health and education sectors and promote the development of the Knowledge Quarter around Euston and King's Cross while ensuring that any new facilities meet the other strategic objectives of this Local Plan*".

The proposed development will generate 20 jobs associated with the development and contribute to the economic prosperity of the local economy.

The Fitzrovia Area Action Plan (December 2012) notes under Principle 3 that the Council will support the development of community facilities throughout Fitzrovia which includes education and training facilities. The supporting text for Principle 6 further goes on to state Fitzrovia and Bloomsbury have a history of medical and educational uses stretching back 200 years and that the institutions of University of London form part of a campus of educational, medical and research facilities which is partly in the Plan area. In addition the supporting text further notes that "*where institutions already have an extensive presence their expansion can involve the loss of services and land uses needed to support the community and have a harmful impact on the balance and mix of uses in the area. Any development of new and expanded institutions in Fitzrovia will therefore need to be located and designed so that it is sensitive to its surroundings and addresses the concerns set out in the Core Strategy.*"

The Council have already accepted the loss of the majority of the existing building away from Class B1 Use to an alternative use. It is considered that in this case, there are exceptional circumstances for a change of use of the building to Class D1 Use which can be linked to the wider Birkbeck Strategy and consolidate education uses closer to the Birkbeck Campus.

Education use is supported at strategic and local level. Policy 3.18 of The London Plan states that the Mayor will support the provision of higher education facilities to meet the demands of a growing and changing population and to enable greater educational choice. Development proposals which enhance education provision, including new builds, will be supported and encouraged.

Part C of the policy states that 'proposals which enhance education and skills provision will be supported, including new build, expansion of existing or change of use to educational purposes'.

Part I of the policy states that 'boroughs should support and maintain London's international reputation as a centre of excellence in higher education'.

This is further reiterated in Policy G1 of the Local Plan which notes that the Council promotes the most efficient use of land and buildings in Camden, seeking to deliver sustainable growth to preserve and enhance the features that make Camden an attractive place to live, work and visit.

The proposed development will deliver additional educational facilities within the area. The site sits within the Central London area of Camden; the supporting text to Policy G1, at paragraph 2.52 seeks to support the concentration of medical, educational, cultural and research institutions within Central London that forms an integral part of the Knowledge Quarter.

