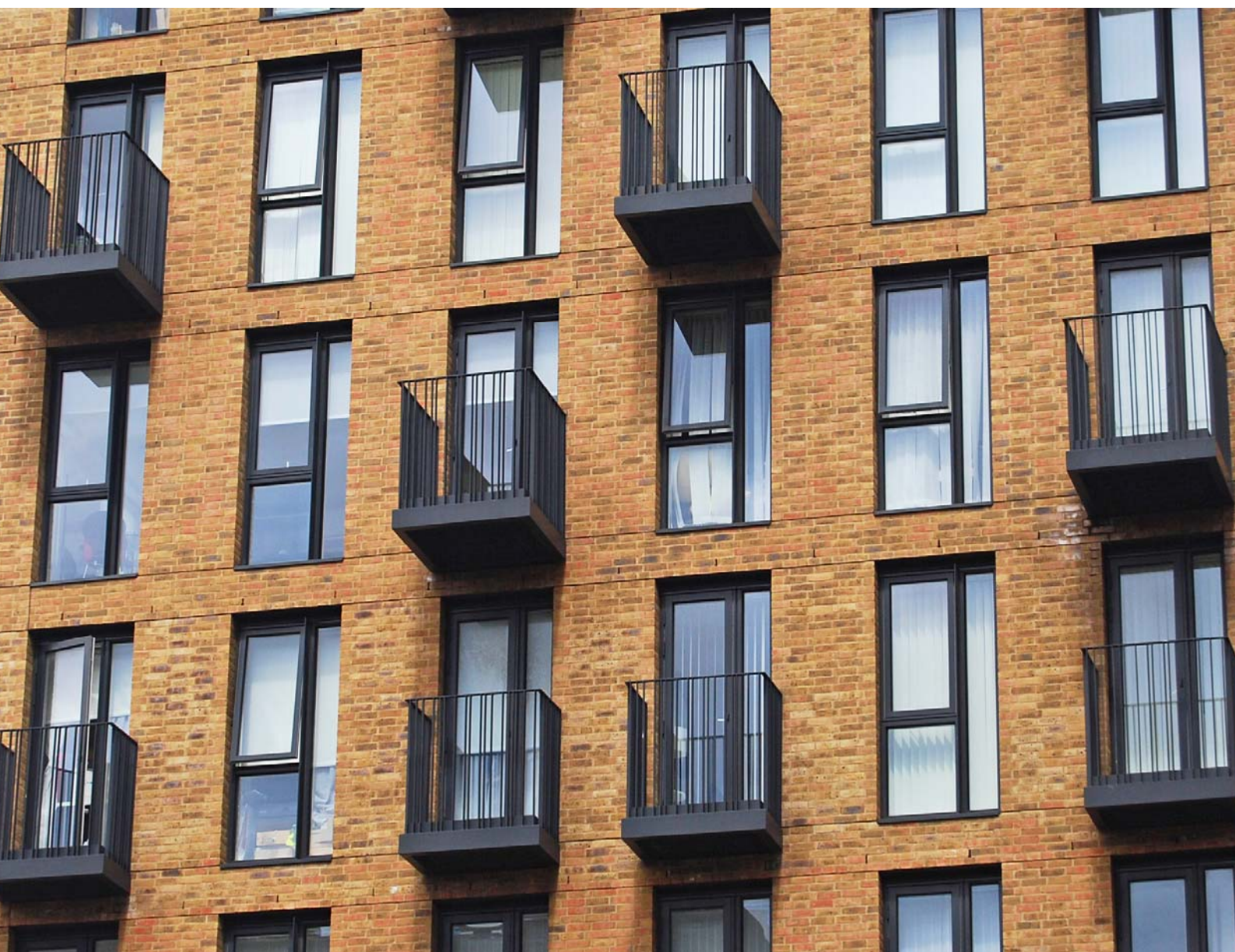


Camden Planning Guidance

# Interim Housing CPG

March 2018





## Interim Housing CPG

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# 1 Introduction

*This section forms the introduction to the Interim Housing CPG. Similar paragraphs have also be inserted in the Housing CPG 2016 to replace paragraphs 1.1 to 1.7.*

## What is Camden Planning Guidance?

- IH1.1 We have prepared this Interim Camden Planning Guidance (CPG) on Housing to support the policies in the Camden Local Plan 2017. This guidance forms a Supplementary Planning Document (SPD) which is an additional “material consideration” in planning decisions
- IH1.2 The Council formally adopted the original CPG2 Housing on 6 April 2011 following statutory consultation. The Camden Planning Guidance documents (CPG1 to CPG8) replaced Camden Planning Guidance 2006.
- IH1.3 The original CPG2 Housing has been subject to four updates:
- 4 September 2013 following statutory consultation in November to December 2012;
  - 17 July 2015 following statutory consultation in March to April 2015;
  - 6 May 2016 following statutory consultation in February to April 2016 (referred to in this document as the Housing CPG 2016);
  - 26 March 2018 following statutory consultation in November 2017 to January 2018.
- Details on these updates and the consultation process are available at [camden.gov.uk/cpg](http://camden.gov.uk/cpg).
- IH1.4 The final update followed the adoption of the Camden Local Plan in 3 July 2017. This latest update deleted some parts of the Housing CPG 2016, and replaced them with this separate volume of Interim Housing CPG. This interim guidance will be incorporated into a new set of Camden Planning Guidance documents as part of a wider review expected to take place in 2018.
- IH1.5 This document should be read alongside the retained paragraphs of the Housing CPG 2016. Notes have been added to the Housing CPG 2016 to indicate paragraphs that have been deleted or replaced by this Interim Housing CPG.
- IH1.6 The Interim Housing CPG has been produced because:
- there are a number of policy changes emerging at regional and national level that would quickly have overtaken and superseded a full review of CPG2 if it had taken place in autumn 2017;
  - emerging policy changes include the Government's revised National Planning Policy Framework – including new affordable housing definitions; but

- some elements of CPG2 needed to be replaced quickly to guide implementation of new policies in the Camden Local Plan 2017 that are substantially different from earlier policies.

- IH1.7 The Interim Housing CPG is consistent with the Camden Local Plan 2017. The Camden Local Plan 2017 has greater statutory weight than the Interim Housing CPG, and where there is any apparent conflict between Interim Housing CPG and the Local Plan, the Local Plan will prevail.
- IH1.8 The Camden Planning Guidance covers a range of topics (such as design, sustainability, amenity and planning obligations) and so all of the sections should be read in conjunction, and within the context of the Camden Local Plan 2017.

### **What does this guidance cover?**

- IH1.9 This guidance provides information on all types of housing development within the borough. It provides specific guidance on:
- Affordable housing and housing in mixed use development - see also Housing CPG 2016 (information on the split between the documents is provided in paragraph IH2.2 of this guidance)
  - Residential development standards (including accessibility)
- IH1.10 The retained paragraphs of Housing CPG 2016 provide specific guidance on:
- other aspects of Affordable housing and housing in mixed use development (information on the split between the documents is provided in paragraph IH2.2 of this guidance)
  - Student housing
  - Development involving a net loss of homes
- IH1.11 Taken together, Housing CPG 2016 and this Interim Housing CPG highlight the Council's requirements and guidelines which support the Camden Local Plan 2017 policies:
- G1 – Delivery and location of growth
  - H1 - Maximising housing supply
  - H2 - Maximising the supply of self-contained housing from mixed use schemes
  - H3 - Protecting existing homes
  - H4 - Maximising the supply of affordable housing
  - H5 - Protecting and improving affordable housing
  - H6 – Housing choice and mix
  - H7 - Large and small homes

- H8 - Housing for older people, homeless people and vulnerable people
- H9- Student housing
- H10 - Housing with shared facilities
- A1 - Managing the impact of development
- D1 - Design





## 2 Affordable housing and housing in mixed use development

*This sub-section replaces the Key Messages and paragraphs 2.1 to 2.5 in Section 2 of the Housing CPG 2016. A paragraph similar to paragraph IH2.2 has also be inserted in the Housing CPG 2016.*

### KEY MESSAGES

- We will encourage the inclusion of self-contained homes in non-residential development
- We will require 50% of additional floorspace to be self-contained housing in development involving more than 200 sq m GIA additional floorspace in the Central London Area and the town centres of Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road
- Affordable housing includes social and affordable rented housing and intermediate housing
- We expect a contribution to affordable housing from all developments that provide one additional home or more and involve a total additional residential floorspace of 100 sq m GIA or more
- An affordable housing target of 50% applies to developments with capacity for 25 or more additional dwellings
- A sliding scale target applies to developments that provide one or more additional homes and have capacity for fewer than 25 additional homes, starting at 2% for one home and increasing by 2% of for each home added to capacity
- For developments with capacity for 10 or more additional dwellings, the affordable housing should be provided on site
- Where developments have capacity for fewer than 10 additional dwellings, the Council will accept a payment-in-lieu of affordable housing
- Affordable housing should include a large proportion of family homes and contribute to creating mixed and inclusive communities

IH2.1 The guidance on affordable housing and housing in mixed-use development primarily relates to Camden Local Plan Policies H2 - *Maximising the supply of self-contained housing from mixed-use schemes*, H4 – *Maximising the supply of affordable housing*, H5 - *Protecting and improving affordable housing*, and H7 - *Large and small homes*.

IH2.2 The guidance is divided into a number of subsections. Each subsection deals with a different question relating to requirements for affordable housing and housing in mixed-use development. They are split between this interim guidance and the remaining paragraphs of Housing CPG 2016 as follows:

- what is affordable housing? – included in this document

- which developments should include self-contained housing as part of a mix of uses? – included in this document
- which developments should contribute to affordable housing? – included in this document
- how should affordable housing be provided? – included in this document
- how much affordable housing do we expect? – included in this document
- how much housing and affordable housing do we expect as part of a mix of uses – included in this document
- what types of affordable housing do we expect? – included in this document
- how will the Council consider financial viability? – the sub-section 'Transparency and confidential viability information' is included in this document, the remainder of the section is in Housing CPG 2016
- can the market housing and affordable housing be provided off-site? – the sub-sections related to 'Payments in lieu' are included in this document, the remainder of the section is in Housing CPG 2016

- IH2.3 The property market, development finance and affordable housing funding have all been subject to considerable change since 2007, and it is likely that change will continue.
- IH2.4 The implementation of planning policy will need to respond to these changes. Implementation guidance therefore needs to be more readily reviewed and amended than would be possible within the Camden Local Plan.
- IH2.5 The Government has indicated that it intends to published a revised National Planning Policy Framework in 2018. In addition, the Mayor of London is reviewing the London Plan and Supplementary Planning Guidance. A comprehensive review of CPG2 is not considered expedient at this stage as the ongoing national and regional policy changes would be likely to make the reviewed guidance out of date. This guidance will therefore continue to be subject to review as the need arises.

### **When does this guidance apply?**

*This sub-section replaces paragraphs 2.6 to 2.11 of the Housing CPG 2016.*

- IH2.6 This guidance applies primarily to the operation of the following policies in the Camden Local Plan 2017:
- Policy H2 Maximising the supply of self-contained housing from mixed-use schemes;
  - Policy H4 Maximising the supply of affordable housing;
  - Policy H5 Protecting and improving affordable housing; and

- Policy H7 Large and small homes.

- IH2.7 A developer considering the appropriate housing type or the mix of housing and other uses on a site should contact the Council's Regeneration and Planning Division in the first instance. The Strategic Planning and Information Team can provide initial guidance on the interpretation of policies in the Camden Local Plan 2017.
- IH2.8 A formal pre-planning application advice service is available for development proposals. A fee is charged for this service on the basis of the size of the proposed development. We strongly encourage developers to use this service if they are proposing development of the type described in this section of the guidance.

### **What is affordable housing?**

*This sub-section replaces paragraphs 2.12 to 2.21 of the Housing CPG 2016.*

- IH2.9 Affordable housing is defined in the Government's National Planning Policy Framework (NPPF) – Annex 2 The NPPF indicates that affordable housing should:
- be provided to households whose needs are not met by the market, and
  - be provided to households who are eligible for affordable housing, taking into account local incomes and local house prices, and
  - remain at an affordable price for future eligible households unless arrangements are in place for subsidies to be recycled into alternative affordable housing provision.
- IH2.10 Three types of affordable housing are defined in the NPPF – these are **social rented housing, affordable rented housing** and **intermediate housing**.
- IH2.11 **Social rented housing** is primarily housing managed by local councils and housing associations. The cost of social rented housing is controlled through target rents set by a national rent regime operated by the regulator of social housing (now known as Homes England). Other affordable housing providers may manage social rented housing under the same rental arrangements.
- IH2.12 **Affordable rented housing** is housing managed by local councils and housing associations and let to households who are eligible for social rented housing. Rents are set on a scheme-by-scheme basis and are guided by local market rents rather than a national rent regime.
- IH2.13 The NPPF indicates that rents should not exceed 80% of the local market rent (including service charges where they apply). The Mayor has devised London Affordable Rent as a replacement for this product in the capital. Benchmark levels for London Affordable Rents are set out in the Mayor's in Affordable Homes Programme 2016-2021 Funding Guidance (November 2016).

- IH2.14 The Camden Local Plan 2017 follows the approach of the London Plan, and considers social rent and affordable rent together as "social-affordable rented housing". Eligibility for this type of affordable housing is assessed on the basis of the Council's Housing Allocation Scheme 2016 (as amended), which is available at:  
<https://www.camden.gov.uk/ccm/content/housing/housing-allocation-changes-2016/>
- IH2.15 **Intermediate housing** is housing that costs more than social housing but less than equivalent market housing. Intermediate housing costs (including service charges) must also be cheap enough for eligible income groups to afford. The London Plan and the annual reviews in the London Plan Annual Monitoring Report provide details of eligible income groups.
- IH2.16 The Camden Local Plan 2017 indicates in paragraph 3.104 that the Council will generally seek intermediate rented housing rather than other forms such as shared-ownership housing. The Council adopted an Intermediate Housing Strategy on 6 April 2016, which we will take into account when considering proposals involving intermediate housing. The Council has set out priorities for offers of tenancies in intermediate rented housing in Schedule 1 of the Intermediate Housing Strategy. The Intermediate Housing Strategy is available at:  
<https://www.camden.gov.uk/ccm/navigation/housing/housing-options/intermediate-housing/>
- IH2.17 The Council will generally seek **intermediate rented housing** rather than other forms such as shared-ownership housing. The Intermediate Housing Strategy states that we will seek to ensure that the majority of intermediate housing in each scheme is affordable to households with incomes between £30,000 and £40,000 (as adjusted by wage inflation). The Council considers housing to be affordable where housing costs (including rent and service charges) take up no more than 40% of net household income (with net income assumed to be 70% of gross income). The Council will use S106 legal agreements to ensure that the cost of intermediate housing is consistent with the Intermediate Housing Strategy.

### **Which non-residential developments should include self-contained housing as part of a mix of uses?**

*This is a new sub-section included in the Interim Housing CPG.*

- IH2.18 Policy H2 of the Camden Local Plan 2017 indicates that the Council will encourage the inclusion of self-contained homes in non-residential development in all parts of the borough.
- IH2.19 Policy H2 also indicates that we will require 50% of additional floorspace to be self-contained housing in developments involving more than 200 sq m (GIA) additional floorspace in the Central London Area and the town centres of Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road. The policy contains a number of clauses that the

Council will take into account in determining whether the requirement applies to a specific scheme.

- IH2.20 Policy H2 indicates that self-contained housing should be provided on the development site, particularly where 1,000 sq m (GIA) or more of additional floorspace is proposed.
- IH2.21 Self-contained houses and flats are defined as homes where all the rooms, including the kitchen, bathroom and toilet, are behind a door that only one household can use (2011 Census Glossary of Terms). In most cases these homes fall in Use Class C3.
- IH2.22 Where self-contained housing is proposed as part of a mixed-use development, affordable housing will also be sought in accordance with Policy H4 Maximising the supply of affordable housing.

### **Which developments should contribute to affordable housing?**

*This sub-section replaces paragraphs 2.22 to 2.31 of the Housing CPG 2016.*

- IH2.23 Policy H4 of the Camden Local Plan 2017 indicates that the Council will expect a contribution to affordable housing from all developments that provide one or more additional homes and involve a total addition to residential floorspace of 100 sq m GIA or more, including mixed-use developments.
- IH2.24 Policy H4 also indicates that where developments have capacity for 10 or more additional dwellings, the affordable housing should be provided on site. Where developments have capacity for fewer than 10 additional dwellings, the Council will accept a payment-in-lieu of affordable housing.
- IH2.25 Paragraphs IH2.39 to IH2.42 of this guidance explain how we will assess the capacity of a development for additional dwellings.

### **Assessing floorspace**

- IH2.26 Floorspace should be measured in accordance with the most recent edition of the RICS property management professional statement and the RICS Code of Measuring Practice where applicable, having regard to the Nationally Described Space Standard for housing.
- IH2.27 The floorspace thresholds relating to Camden Local Plan 2017 Policies H2 and H4 refer to additions to gross floorspace (and are assessed in terms of Gross Internal Area – GIA – this excludes the thickness of external walls). The policy requirements in Policy H2 are not triggered by increases in net non-residential floor space that take place wholly within the existing building envelope and do not constitute development. However, works involving a change to residential use will trigger Policy H4 affordable housing requirements where they provide one or more additional homes and involve a total addition to residential floorspace of 100 sq m GIA or more.

- IH2.28 The Camden Local Plan 2017 has adopted Gross Internal Area (GIA) to assess floorspace as it is generally available from planning application forms and/ or CIL additional information requirement form. However, Camden Planning Guidance CPG8: Planning Obligations currently provides formulae for payments in lieu of housing and affordable housing based on Gross External Area (GEA). We will therefore also expect developers to provide measurements of the Gross External Area of residential and non-residential floorspace (and the individual tenures/ uses) where the Council considers that a payment in lieu of housing or affordable housing is appropriate.
- IH2.29 Where a measurement of the Gross External Area (GEA) is not available, the Council will consider using a standard multiplier to estimate GEA and calculate the payment in lieu. Two standard multipliers are available to convert internal area to GEA. Which of these multipliers is more appropriate will depend on whether or not common areas (such as shared corridors and staircases) are excluded from the submitted measure of internal area.
- To convert to GEA where common areas and exterior walls have been excluded - multiply by 1.25.
  - To convert to GEA where only exterior walls have been excluded – multiply by 1.053.
- IH2.30 Strictly interpreted, a measurement of GIA should include the entire enclosed area of each floor of the building except for the external walls. However, in Camden, housing proposals typically relate to flats and provide aggregate GIA for individual flats, excluding the common areas as well as the external walls of the building. Consequently, where a measurement of GEA is not available, the Council will generally estimate GEA as 1.25 x GIA, unless the applicant provides evidence to show that an alternative multiplier is more appropriate.

#### **GROSS EXTERNAL AREA/ GROSS EXTERNAL FLOORSPACE**

The whole area of a building taking each floor into account. Includes the thickness of external walls, partition walls and common areas such as shared staircases, entrance halls and corridors.

#### **GROSS INTERNAL AREA/ GROSS INTERNAL FLOORSPACE**

The whole enclosed area of a building within the external walls taking each floor into account and excluding the thickness of the external walls. Includes the thickness of partition walls and common areas such as shared staircases, entrance halls and corridors.

#### **NET INTERNAL AREA/ NET INTERNAL FLOORSPACE**

The usable area within a building measured to the face of perimeter or party walls. Includes the thickness of internal partition walls, but excludes common areas and the thickness of partition walls that define the edge of common areas.

### **Specialist forms of housing (outside Use Class C3)**

- IH2.31 As indicated in the Camden Local Plan 2017, the approach to affordable housing set out in Policy H4 and in this guidance applies to all housing that is self-contained, including self-contained homes for older people (usually in Use Class C3). The approach will also apply if additional floorspace is proposed in Use Class C4 (small houses in multiple occupation) as these can be used as self-contained C3 homes without submitting a planning application.
- IH2.32 The Council will also control the affordability of specialist types of housing where appropriate, taking account of all relevant Local Plan policies. The affordability of housing for older people and vulnerable people, student housing and large houses in multiple occupation will be considered having regard to Policies H8, H9 and H10 respectively. Where the Council applies Policy H4 to specialist types of housing we may vary the mechanics of considering and securing affordable housing provision having regard to Policy H4 criteria (j) to (p).
- IH2.33 In accordance with Local Plan Policy H9 and the London Plan, the Council will seek to ensure that student housing is affordable to the student body as a whole, and in some circumstances will seek affordable student accommodation. Guidance on affordable student accommodation is provided by the Mayor of London's Housing SPG March 2016. A separate section of Camden's Housing CPG 2016 also gives more information about development of **Student Housing**.

### **How should the affordable housing be provided?**

*This is a new section included in the Interim Housing CPG.*

- IH2.34 The NPPF indicates that affordable housing should be provided to eligible households whose needs are not met by the market, and should remain at an affordable price for future eligible households, or if these restrictions are lifted, the subsidy should be recycled. The NPPF also indicates that social rented and affordable rented housing is generally let by local authorities or private registered providers (most of which are housing associations).

#### **HOUSING ASSOCIATIONS AND REGISTERED PROVIDERS**

Registered Providers are owners and managers of affordable housing who are regulated by Government. Most operate on a not-for-profit basis and use any trading surplus to maintain existing homes and to help finance new ones. Registered Providers include the Council, housing associations, housing trusts and cooperatives. In this guidance, the term housing associations is used to refer to all Registered Providers other than the Council.

- IH2.35 To satisfy the stipulations of the NPPF, best meet the needs of Camden residents, and ensure that we work with registered providers who share

the Council's affordable housing priorities<sup>1</sup>, the Council has agreed an Approved Strategic Partner List. The 2017 list currently contains 17 housing providers, but will be reviewed annually. The latest list is available here: <http://camden.gov.uk/ccm/navigation/housing/housing-policy-and-strategies/>

- IH2.36 The Council will expect developers to adhere to the following arrangements where affordable housing is provided in conjunction with a private development:
- at the commencement of scheme design, the developer should contact the Council's Housing Commissioning and Partnerships Team for guidance on the types of affordable housing that the Council is currently prioritising and for advice about which of our Approved Strategic Partners would be most appropriate for the scheme;
  - at an early stage in scheme design, the developer should involve a provider from the Council's Approved Strategic Partner List in design of the affordable housing, to ensure that the homes meet the requirements of the Council, housing providers and future occupiers, and maximise the potential for grant support from the Mayor of London's Affordable Homes Programme;
  - the affordable homes should be transferred to a provider on the Approved Strategic Partner List once they are completed;
  - prior to the transfer, the developer should seek written approval of the selected housing provider by the Council – this will be secured via legal agreement; and
  - where possible, the freehold of the affordable homes should be transferred to the approved housing provider, otherwise the affordable homes should be transferred on a long lease (ideally 125 years).

### **How much affordable housing do we expect?**

*This sub-section replaces paragraphs 2.32 to 2.41 of the Housing CPG 2016.*

- IH2.37 Camden Local Plan Policy H4 indicates that we will expect a contribution to affordable housing from all developments that provide one or more additional homes and involve a total addition to residential floorspace of 100 sq m GIA or more. Policy H4 also gives targets and criteria which we use to assess the appropriate contribution to affordable housing from each development. These include:

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<sup>1</sup> these priorities include, for example, securing nominations from the Council's housing register



- an overall borough target of 5,300 additional affordable homes over the Plan period, equivalent to approx 350 additional affordable homes per year;
- seeking to negotiate the maximum reasonable amount of affordable housing under the specific circumstances of the site, including the financial viability of the development;
- aiming to minimise social polarisation and create mixed, inclusive and sustainable communities;
- basing affordable housing targets on an assessment of development capacity whereby 100sqm GIA is generally considered to create capacity for one home;
- expecting affordable housing to be provided on site where developments have capacity for 10 or more additional dwellings;
- applying an affordable housing target of 50% of additional residential floorspace to developments with capacity for 25 or more additional homes;
- using a sliding scale to set lower affordable housing targets for developments that provide one or more additional homes and involve an addition to residential floorspace of 100sqm GIA or more but have capacity for fewer than 25 additional homes; and
- the sliding scale is explained in Policy H4 and paragraphs 3.108 to 3.110 of the Camden Local Plan 2017.

IH2.38 Government guidance seeks to limit development contributions from small-scale developers by setting a national threshold of 10 homes and 1,000 sq m which developments should exceed for affordable housing contributions to be sought. The Camden SHMA estimates the borough's requirement for additional affordable homes to be around 10,000 homes for the 15-year Plan period, compared with a Local Plan target of 5,300 additional affordable homes based on likely delivery. Given the gap between the requirements and the likely delivery, the Council has secured an exception to the national threshold through the Local Plan process. Consequently an affordable housing contribution is sought from all developments that provide one or more additional homes and involve an addition to residential floorspace of 100sqm GIA or more. The purpose of the sliding scale is to achieve the maximum reasonable contribution to affordable housing overall without deterring small-scale development.

#### **Capacity and affordable housing percentage target**

IH2.39 As indicated in paragraph IH2.37 of this guidance, affordable housing targets are based on an assessment of development capacity whereby an additional residential floorspace of 100 sq m GIA is generally considered to create capacity for one additional home. Developments that involve one additional home and an addition to residential floorspace of 100 sq m GIA are considered to have capacity for one additional home. For developments of over 100 sq m GIA, each additional 100 sq m GIA added to the development is considered to

create capacity for an additional dwelling (including capacity for a share of common areas such as shared staircases, entrance halls and corridors). Provided that the development provides at least one additional home (ie it is not an extension to an additional dwelling), the number of dwellings proposed will not influence the assessment of capacity.

- IH2.40 We acknowledge that an addition of 100 sq m residential floorspace will not create capacity for an additional home in every single case. In assessing capacity, the Council will take into account any constraints that might prevent the additional area from contributing to the number of homes in the scheme (e.g. does the additional residential space have access to natural light, does it involve conversion of a Listed Building that cannot appropriately be subdivided?).
- IH2.41 We will round additional housing floorspace to the nearest 100 sq m to give capacity in terms of the nearest whole number. An additional 1,245 sq m GIA will generally have capacity for 12 additional homes, and additional 1,775 sq m will generally have capacity for 18 additional homes, and an additional 2,360 sq m GIA will generally have capacity for 24 additional homes.
- IH2.42 Local Plan Policy H4 does not apply to existing residential floorspace which is being retained or replaced as part of the development, and existing residential floorspace will not influence the assessment of development capacity. However:
- any existing affordable housing floorspace on the development site should be retained or replaced independently of the affordable housing target in accordance with Local Plan Policy H5; and
  - Policy H4 *does* apply to additional residential floorspace created by converting or redeveloping existing *non-residential* floorspace, and such floorspace will form part of the assessment of development capacity.
- IH2.43 We will use the assessment of capacity and the sliding scale to determine the affordable housing percentage target. The sliding scale is a simple straight-line scale starting with a 2% affordable housing target for a development that has capacity for one additional home. For every further home added to the capacity of the site, 2% is added to the affordable housing target. Sites with capacity for 5 additional homes (approx 500sqm GIA additional residential floorspace) should normally provide 10% affordable housing floorspace, sites with capacity for 10 additional homes (approx 1,000sqm GIA additional residential floorspace) should normally provide 20% affordable housing floorspace, and sites with capacity for 20 additional homes (approx 2,000sqm GIA additional residential floorspace) should normally provide 40% affordable housing floorspace. Sites with capacity for 25 additional homes or more should normally provide 50% affordable housing floorspace. Fig. IH1 below indicates how the sliding scale for percentage affordable housing targets will operate in more detail.

Fig. IH1. Sliding scale for affordable housing percentage targets

<b>Floorspace range (5 home intervals in capacity)</b> 1 or more additional homes with an additional residential floorspace of...	<b>Capacity</b> (rounded floorspace addition ÷ 100 sq m)	<b>Affordable housing percentage target</b> (capacity x 2%)
...100 to 150 sq m GIA	1 additional home	2%
...more than 450 sq GIA but not more than 550 sq m GIA	5 additional homes	10%
...more than 950 sq m GIA but not more than 1,050 sq m GIA	10 additional homes	20%
...more than 1,450 sq m GIA but not more than 1,550 sq m GIA	15 additional homes	30%
...more than 1,950 sq m GIA but not more than 2,050 sq m GIA	20 additional homes	40%
...more than 2,450 sq m GIA	25 additional homes or more	50%

#### Affordable housing floorspace target

- IH2.44 We will calculate a target for affordable housing and the proportion of housing in each type of housing (market/ social-affordable rented/ intermediate) in terms of additional residential floorspace.
- IH2.45 Calculating a target on the basis of the additional floorspace enables us to:
- negotiate family-sized affordable housing in schemes where the developer proposes smaller market homes; and
  - prevents an under-provision of affordable housing where the developer proposes unusually large market homes.
- IH2.46 Calculations will *not* be based on the number of dwellings or number of habitable rooms as these calculations would create an incentive for the developer to provide the smallest affordable homes possible.
- IH2.47 The affordable housing floorspace target will be determined by applying the affordable housing percentage target to *all* additional housing floorspace proposed. The percentage target is *not* applied to the rounded floorspace, which is only used to assess the *capacity* for additional homes, and the *percentage* affordable housing target.
- IH2.48 The affordable housing percentage target will not be applied to any existing residential floorspace which is being retained or replaced as part of the development. However:

- the affordable housing percentage target will be applied to additional residential floorspace created by converting or redeveloping existing *non-residential* floorspace; and
  - any existing affordable housing floorspace on the development site should be retained or replaced independently of the affordable housing target in accordance with Local Plan Policy H5.
- IH2.49 The affordable housing percentage target will generally be applied to the additional Gross Internal Area (GIA) to provide the affordable housing floorspace target as a GIA. This approach ensures consistency at each stage in the calculation and ensures that different components of the scheme are assessed on a comparable basis.
- IH2.50 As indicated in paragraph IH2.24 of this guidance, we will accept a payment in lieu of affordable housing where developments have capacity for fewer than 10 additional dwellings (based on paragraph IH2.41 and Fig. IH1, this will generally be developments involving additional residential floorspace of 950 sq m GIA or less), and exceptionally in other circumstances. Our formula for payments in lieu of affordable housing is provided in Camden Planning Guidance CPG8: Planning Obligations, and is based on Gross External Area (GEA)<sup>2</sup>. Where we consider that a payment in lieu of affordable housing is appropriate, we will apply the affordable housing percentage target to the Gross External Area (GEA) to provide the affordable housing floorspace target as a GEA. We will therefore expect developers to provide measurements of the Gross External Area of additional residential floorspace, particularly where developments provide one or more additional homes and involve 100 to 950 sq m GIA additional floorspace.
- IH2.51 Where developments have capacity for 10 or more additional homes (based on paragraph IH2.41 and Fig. IH1, this will generally be developments involving more than 950 sq m GIA additional residential floorspace), the affordable housing should be provided on site. Fig. IH2 below gives examples of how we will calculate the on-site affordable housing floorspace target.
- IH2.52 In negotiations for on-site affordable housing, we will focus on seeking affordable homes of an appropriate size and layout rather than absolute mathematical correspondence with the affordable housing floorspace target.

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<sup>2</sup> guidance on the application of the CPG8 formulae is given in paragraphs IH2.28 to IH2.29 and IH2.95 to IH2.125 of this guidance

Fig. IH2. Calculating the on-site affordable housing floorspace target

Example	Capacity (rounded floorspace addition/ 100 sq m)	Affordable housing %ge target (capacity x 2%)	On-site affordable housing floorspace target (%ge target x floorspace addition)
10 additional homes with an additional residential floorspace of 1,245 sq m GIA	1,200/ 100 = 12 additional homes	12 x 2% = 24%	24% x 1,245 sq m = 298.8 sq m GIA
16 additional homes with an additional residential floorspace of 1,775 sq m GIA	1,800/ 100 = 18 additional homes	18 x 2% = 36%	36% x 1,775 sq m = 639 sq m GIA
21 additional homes with an additional residential floorspace of 1,775 sq m GIA	1,800/ 100 = 18 additional homes	18 x 2% = 36%	36% x 1,775 sq m = 639 sq m GIA
21 additional homes with an additional residential floorspace of 2,360 sq m GIA	2,400/ 100 = 24 additional homes	24 x 2% = 48%	48% x 2,360 sq m = 1,132.8 sq m GIA
25 additional homes with an additional residential floorspace of 2,425 sq m GIA	2,400/ 100 = 24 additional homes	24 x 2% = 48%	48% x 2,425 sq m = 1,164 sq m GIA
25 additional homes with an additional residential floorspace of 2,749 sq m GIA	2,700/ 100 = 27 additional homes (ie "25 homes or more")	25 x 2% = 50%	50% x 2,749 sq m = 1,374.5 sq m GIA

IH2.53 Policy H4 of the Camden Local Plan 2017 indicates that the Council will take into account many other characteristics of the development, the site and the area when considering whether affordable housing should be sought, whether provision should be made on site, and the scale and nature of the provision that would be appropriate. Where we agree that the affordable housing can be provided off-site, the amount of affordable housing sought will be adjusted. These adjustments are explained in the sub-section of Housing CPG 2016 '**Can the market housing and affordable housing be provided off-site?**'.

IH2.54 The Camden Local Plan Review Financial Viability Study 2015 examined the viability of the sliding scale and the 50% floorspace target for sites with capacity for 25 homes or more. The Study indicates that

the scale and target is financially viable for a range of scheme types across a range of locations in the borough. However, there will be circumstances where the percentage of affordable housing sought by the sliding scale or target is not viable. The sub-section of Housing CPG 2016 '**How will the Council consider financial viability**' explains what we will expect from the developer in these circumstances.

### **How much housing and affordable housing do we expect as part of a mix of uses?**

*This is a new section included in the Interim Housing CPG.*

- IH2.55 Camden Local Plan Policy H2 indicates that we will require 50% of additional floorspace to be self-contained housing in developments involving more than 200 sq m (GIA) additional floorspace in the Central London Area and the larger town centres<sup>3</sup>. Policy H2 contains five criteria that the Council will take into account in determining whether the self-contained housing requirement applies to a specific scheme. In addition, Local Plan Policy H4 gives targets and criteria which we use to assess the appropriate contribution to affordable housing from each development.
- IH2.56 Where the Policy H2 requirement for self-contained housing applies, the self-contained housing percentage target is 50% in all cases, and the housing is required on site as part of a mix of uses. The self-contained housing floorspace target will generally be applied to the total addition to floorspace, and will be assessed on the basis of GIA. However, certain aspects of the development need to be considered in determining how the 50% target is applied to calculate the self-contained housing floorspace target:
- the 50% target does not apply to existing floorspace which is being retained or replaced;
  - any existing residential floorspace on the development site should be retained or replaced independently of the 50% target in accordance with Local Plan Policy H3;
  - the 50% target does not apply to additional floorspace for student housing or other non self-contained housing for long-term residents;
  - any additional floorspace for student housing or other non self-contained housing for long-term residents should be deducted from the total addition to floorspace before the 50% target is applied;
  - the 50% target *does* apply to additional floorspace for visitor accommodation (including hotels, serviced apartments and hostels aimed at tourists and backpackers), and such floorspace should be included as part of the total addition to floorspace when the 50% target is applied; and

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<sup>3</sup> Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road

- any additional floorspace proposed for self-contained housing should be included as part of the total addition to floorspace when the 50% target is applied, but it will also contribute to meeting the housing floorspace requirement.

- IH2.57 Policy H2 indicates that the Council will take into account all ten of the policy's criteria in considering the most appropriate mix of housing and other uses. Supporting paragraphs to Policy H2 confirm that where self-contained housing is required, the appropriate mix of housing will include affordable housing, subject to the provisions of Policy H4.
- IH2.58 Considering Policies H2 and H4 together, where the requirement for self-contained housing applies, it will be necessary to calculate the affordable housing percentage target and the market housing percentage target. The affordable housing percentage target should be calculated starting with the self-contained housing floorspace target arising from Policy H2, and assessing the capacity for this floorspace for additional homes in accordance with paragraphs IH2.39 to IH2.42 of this guidance. The market housing percentage target will be the remainder of the self-contained housing required after the affordable housing percentage target has been deducted (ie 100% minus the affordable housing percentage target).
- IH2.59 Once the affordable housing percentage target and the market housing percentage target have been calculated, they should be applied to the self-contained housing floorspace target to produce a market housing floorspace target and an affordable housing floorspace target, following the methodology set out in paragraphs IH2.44 to IH2.48 of this guidance. Fig. IH3 sets out four examples of the calculation of market and affordable housing floorspace targets for progressively larger schemes.
- IH2.60 Different thresholds in Policies H2 and H4 indicate whether on-site provision is expected or whether off-site provision (or a payment in lieu) may be accepted, as follows:
- Policy H2 requires self-contained housing to be provided on site (particularly where 1,000sq m (GIA) of additional floorspace or more is proposed); and
  - Policy H4 expects affordable housing to be provided on site (for developments with capacity for 10 or more additional dwellings).
- IH2.61 Each policy also has a set of criteria that the Council will use to consider whether on-site provision is practical or off-site provision would be more appropriate. Where we agree that off-site provision is appropriate, the targets for self-contained housing and affordable housing will be adjusted. These adjustments are explained in the sub-section of Housing CPG 2016 '**Can the market housing and affordable housing be provided off-site?**'.
- IH2.62 The targets given in Fig. IH3 are all calculated on the basis that self-contained housing and affordable housing will be provided on site as part of the development. However, the examples have been selected to

illustrate the impact of thresholds in Policies H2 and H4 triggering on-site requirement.

- Example 1 shows calculation of the targets where the total addition to floorspace is below 1,000 sq m GIA, and illustrates that in this scenario there is potential for a payment in lieu of affordable housing and off-site provision or a payment-in-lieu of market housing.
- Example 2 shows calculation of the targets where the total addition to floorspace is between 1,000 sq m and 2,000 sq m GIA, and illustrates that in this scenario we will accept a payment in lieu of affordable housing but expect market housing to be provided on site.
- Example 3 shows a total addition to floorspace above 2,000 sq m GIA, and in this scenario we will expect affordable and market housing to be provided on site.
- Example 4 shows that where the total addition to floorspace is 5,000 sq m GIA or more, the self-contained housing floorspace target is 2,500 sq m GIA or more, the affordable housing percentage target is 50%, and the housing floorspace should be divided equally between affordable housing and market housing.

**Fig. IH3. Calculating the market housing and affordable housing targets as part of a mix of uses**

**Example 1 – total addition to floorspace under 1,000 sq m GIA**

Total addition to floorspace proposed	660 sq m GIA
Self-contained housing floorspace target	$660 \times 50\% = 330$ sq m GIA
Capacity	$300 / 100 = 3$ additional homes
Affordable housing percentage target	$3 \times 2\% = 6\%$
Affordable housing floorspace target	$330 \times 6\% = 19.8$ sq m GIA
Is off-site provision or a payment in lieu of affordable housing acceptable?	yes, Policy H4 indicates that where developments have capacity for fewer than 10 additional dwellings, the Council will accept a payment-in-lieu of affordable housing
Market housing percentage target	$100 - 6\% = 94\%$
Market housing floorspace target	$330 \times 94\% = 310.2$ sq m GIA
Is off-site provision or a payment in lieu of market housing acceptable?	may be considered where on-site options have been thoroughly explored, subject to Policy H2 criteria



**Example 2 – total addition to floorspace 1,000 sq m GIA or more (but below 2,000 sq m GIA)**

Total addition to floorspace proposed	1,450 sq m GIA
Self-contained housing floorspace target	$1,450 \times 50\% = 725$ sq m GIA
Capacity	$700 / 100 = 7$ additional homes
Affordable housing percentage target	$7 \times 2\% = 14\%$
Affordable housing floorspace target	$725 \times 14\% = 101.5$ sq m GIA
Is off-site provision or a payment in lieu of affordable housing acceptable?	yes, Policy H4 indicates that where developments have capacity for fewer than 10 additional dwellings, the Council will accept a payment-in-lieu of affordable housing
Market housing percentage target	$100 - 14\% = 86\%$
Market housing floorspace target	$725 \times 86\% = 623.5$ sq m GIA
Is off-site provision or a payment in lieu of market housing acceptable?	not normally – Policy H2 indicates that we will require self-contained housing to be provided on site, particularly where 1,000sq m (GIA) of additional floorspace or more is proposed

**Example 3 - total addition to floorspace 2,000 sq m GIA or more (but below 5,000 sq m GIA)**

Total addition to floorspace proposed	2,730 sq m GIA
Self-contained housing floorspace target	$2,730 \times 50\% = 1,365$ sq m GIA
Capacity	$1,400 / 100 = 14$ additional homes
Affordable housing percentage target	$14 \times 2\% = 28\%$
Affordable housing floorspace target	$1,365 \times 28\% = 382.2$ sq m GIA
Is off-site provision or a payment in lieu of affordable housing acceptable?	not normally – Policy H4 indicates that for developments with capacity for 10 or more additional dwellings, the affordable housing should be provided on site
Market housing percentage target	$100\% - 28\% = 72\%$
Market housing floorspace target	$1,365 \times 72\% = 982.8$ sq m GIA
Is off-site provision or a payment in lieu of market housing acceptable?	not normally (as stated in Example 2)

**Example 4 - total addition to floorspace 5,000 sq m GIA or more**

Total addition to floorspace proposed	5,180 sq m GIA
Self-contained housing floorspace target	$5,180 \times 50\% = 2,590$ sq m GIA
Capacity	$2,600 / 100 = 26$ additional homes (ie "25 homes or more")
Affordable housing percentage target	$25 \times 2\% = 50\%$
Affordable housing floorspace target	$50\% \times 2,590 = 1,295$ sq m GIA
Is off-site provision or a payment in lieu of affordable housing acceptable?	not normally (as stated in Example 3)
Market housing percentage target	$100\% - 50\% = 50\%$
Market housing floorspace target	$50\% \times 2,590 = 1,295$ sq m GIA
Is off-site provision or a payment in lieu of market housing acceptable?	not normally (as stated in Examples 2 and 3)

- IH2.63 The different thresholds and criteria in Policies H2 and H4 relating to on-site and off-site provision create potential for developers to meet policy requirements in a variety of different ways. In some circumstances, the requirements of both policies might be met off-site or through a payment-in-lieu (a possible outcome of Example 1). In some circumstances, market housing might be provided on-site as part of the development whilst a payment-in-lieu is made in place of affordable housing (a possible outcome in the cases of Examples 1 and 2).
- IH2.64 Where Policies H2 and H4 apply, schemes with a *total* addition to floorspace of under 2,000 sq m GIA and capacity for fewer than 10 additional homes (this will generally be developments involving 950 sq m GIA additional *residential* floorspace) may meet the affordable housing target by making a payment-in-lieu. Where a payment-in-lieu is accepted in place of affordable housing, but market housing is provided on site as part of the development, we will expect increased provision of market housing to meet the full self-contained housing target. The Council may negotiate an adjusted affordable housing payment-in-lieu to reflect the increased provision of market housing.
- IH2.65 As indicated in paragraph IH2.38 of this guidance, Camden has an estimated requirement for 10,000 affordable homes for the 15-year Plan period, compared with a Local Plan target of 5,300 additional affordable homes based on likely delivery. To assist in bridging the gap between the requirements and the likely delivery, the Council will adopt a different approach to schemes where Policies H2 and H4 apply, the total addition to floorspace is 2,000 sq m or more, and affordable housing is required on site. For schemes where it is not possible to meet the full requirement for self-contained housing on site as part of a mixed use development, we will prioritise the delivery of affordable housing.
- IH2.66 Taking this priority for affordable housing into account, in some circumstances affordable housing might be provided on site as part of

the development whilst market housing is offered in the form of an off-site contribution or payment-in-lieu – this is a possible outcome of Examples 3 and 4 in situations where on-site delivery of the full requirement for additional self-contained housing is not practical. Where only affordable housing will be provided on-site, the Council may negotiate enhanced provision of affordable housing (in terms of quantity, quality and/ or affordability) by reinvesting a proportion of the payment in lieu of market housing within the development.

- IH2.67 The examples provided in Fig. IH3 and the variety of ways in which Policy H2 and Policy H4 requirements may be met are considered further in the sub-section of this guidance '**Payments in lieu**'.
- IH2.68 As indicated in paragraph IH2.28 of this guidance, the Camden Local Plan 2017 has adopted Gross Internal Area (GIA) to assess floorspace, but Camden Planning Guidance CPG8 provides formulae for payments in lieu of housing and affordable housing based on Gross External Area (GEA). Where we consider that a payment in lieu of self-contained housing and/ or affordable housing is appropriate, we will apply the percentage targets to the Gross External Area (GEA) to provide the floorspace targets as GEAs. We will therefore expect developers to provide measurements of the Gross External Area of additional floorspace (residential and non-residential, including individual tenures/ uses), particularly where the total addition to floorspace is less than 2,000 sq m (GIA).
- IH2.69 The Camden Local Plan Review Financial Viability Study 2015 examined the viability of the 50% target in Policy H2. The Study indicates that the target is financially viable for a range of scheme types across a range of locations in the Central London Area and the larger town centres. However, there will be circumstances where providing 50% of the additional floorspace as self-contained housing is not viable. The sub-section of Housing CPG 2016 '**How will the Council consider financial viability?**' explains what we will expect from the developer in these circumstances.

### **What types of affordable housing do we expect?**

*This sub-section replaces paragraphs 2.42 to 2.64 of the Housing CPG 2016.*

### **Mixing affordable housing and market housing**

- IH2.70 The Council expects affordable housing and market housing to form integral parts of each development. A common design approach should be used, with high quality materials and finishes throughout. Where a development site is large enough to accommodate several residential blocks, market and affordable blocks should be spread evenly across the site. The layout of the development should optimise residential amenity for all tenures, and avoid concentrating affordable housing close to potential sources of disturbance such as service yards, traffic and railways. The Council strongly urges developers to involve a provider

from the Council's Approved Strategic Partner List at an early stage in scheme design to ensure an appropriate layout, mix and design for the affordable housing – see the sub-section of this guidance '**How should the affordable housing be provided?**' for more information.

- IH2.71 In schemes with internal communal spaces, the Council does not generally seek to mix affordable and market dwellings on the same corridors or sharing the same stairs, lifts and entrance lobbies. This is because occupiers have to pay a service charge and/ or management charge for the cleaning and maintenance of communal spaces. Service charges are often a significant proportion of overall housing costs, particularly in market housing blocks, and can simply be too high for the occupiers of affordable housing to pay. The law ensures that an occupier cannot be required to pay higher service charges to subsidise charges to another occupier receiving the same common services, regardless of tenure. To ensure that service charges are kept to a minimum, the communal parts of affordable housing are generally designed for durability and low maintenance costs.

#### **SERVICE CHARGES**

Service charges are levied by landlords to recover the costs they incur in providing services to a dwelling. The charge normally covers the cost of such matters as general maintenance and repairs, insurance of the building and, where the services are provided, central heating, lifts, lighting and cleaning of common areas etc.

- IH2.72 Where it is necessary for affordable and market housing to share the same entrances, stairs and lifts, the Council will seek to ensure that they are designed to keep service charges sufficiently low for the affordable housing to be available to eligible households. Paragraph 3.113 of the Camden Local Plan 2017 notes that the Council will take account of the affordability of the anticipated service charges for on-site affordable housing when considering whether off-site provision is appropriate. However, the Council will only accept off-site affordable housing in response to high service charges where measures to keep service and management charges within affordable limits have been fully explored and found to be impractical. For more information - see the sub-section of the Housing CPG 2016 '**Can the market housing and affordable housing be provided off-site?**'.

#### **Mix of social-affordable rented housing and intermediate housing**

- IH2.73 The Camden Local Plan 2017 indicates that we are aiming to minimise social polarisation and create mixed, inclusive and sustainable communities by seeking a diverse range of housing products to suit a range of incomes. Many households who need affordable homes in Camden will only be able to afford social-affordable rented housing, however we recognise that intermediate housing can make an important contribution to creating mixed communities. Local Plan Policy H4 sets out guidelines that 60% of affordable housing should be social-affordable rented housing and 40% should be intermediate housing. For consistency with our approach to calculating and applying affordable

housing targets in Policy H4, we will generally calculate the split between social-affordable rented and intermediate housing in terms of floorspace, measured on the basis of Gross Internal Area (GIA).

IH2.74 Local Plan Policy H4 indicates that the Council will consider various characteristics of the development, the site and the area when negotiating the nature of the affordable housing contribution from specific schemes. Considerations that may influence the proportion of social-affordable rented housing and intermediate housing are set out in paragraph 3.105 of the Local Plan. Circumstances where the Council may depart from the 60% social-affordable rented: 40% intermediate split include:

- providing flexibility for up to 100% social-affordable rented housing or 100% intermediate housing where the overall proportion of affordable housing in the scheme is over 65%; and
- seeking up to 100% social-affordable rented housing where the overall proportion of affordable housing in the scheme is 30% or less.

#### **Types of social-affordable rented housing we expect**

IH2.75 The Council seeks to deliver new social-affordable rent housing in Camden at or about the level of target rents for social housing. The Council therefore supports the Mayor of London's new product, London Affordable Rent, which is a form of social-affordable rented housing that is subject to benchmark rents similar to the target rents for social housing in Camden. The benchmarks for London Affordable Rent are set out in the Funding Guidance for the Mayor's Affordable Homes Programme 2016-2021 (November 2016).

IH2.76 More information about social-affordable rented housing is provided in paragraphs IH2.12 to IH2.14 of this guidance. Between 2011 and 2016, Government funding was focused on the product *affordable rented housing* rather than supporting social rented housing at target rents. Rents for *affordable rented housing* are set at up to 80% of local market rent (including any service charges), and consequently are not considered to be genuinely affordable in London. The Mayor has devised London Affordable Rent as a replacement product for the capital. The Mayor's Affordable Housing and Viability SPG (August 2017) indicates that London Affordable Rent should be the default rent level for new social-affordable rent homes in London, and the Council supports this position.

#### **Types of intermediate housing we expect**

IH2.77 The Camden Local Plan 2017 indicates in paragraph 3.104 that the Council will generally seek intermediate rented housing rather than other forms such as shared-ownership housing. The Council adopted an Intermediate Housing Strategy on 6 April 2016, which we will take into account when considering proposals involving intermediate housing. The Intermediate Housing Strategy is available at: <http://www.camden.gov.uk/ccm/navigation/housing/housing-options/http->

-[www.camden.gov.uk/ccm/content/housing-housing-options-new-i-want-to-buy-or-rent-in-camden-intermediate-housing/en/](http://www.camden.gov.uk/ccm/content/housing-housing-options-new-i-want-to-buy-or-rent-in-camden-intermediate-housing/en/)

- IH2.78 The Intermediate Housing Strategy states that we will seek to ensure that the majority of intermediate housing in each scheme is affordable to households with gross incomes between £30,000 and £40,000 (as adjusted by wage inflation). A small proportion of the homes could be provided at rents affordable to households with higher incomes, but incomes should not exceed the maximum of £60,000 adopted in the Mayor's Affordable Housing and Viability SPG (August 2017). When the affordability of intermediate housing is assessed, service charges are included as part of the overall cost, and we will encourage developers to take this into account at the design stage so that service charges are minimised.
- IH2.79 The Council considers housing to be affordable where housing costs (including rent and service charges) take up no more than 40% of net household income (with net income assumed to be 70% of gross income). For example, the maximum cost affordable to a household with a gross income of £30,000 would be £162 per week, the maximum cost with a gross income of £40,000 would be £215 per week, and the maximum cost with a gross income of £60,000 would be £323 per week.
- IH2.80 Shared-ownership housing refers to housing where occupiers buy a share (generally 25% to 75% of the value of the home) and pay rent on the remainder. Due to the high market values in Camden and lenders' deposit requirements, it is now rarely possible to develop homes for shared ownership in Camden that would be affordable to eligible households. The Mayor's Affordable Housing and Viability SPG (August 2017) confirms that generally shared ownership is not appropriate where unrestricted market values of a home exceed £600,000. Given these constraints, in most circumstances the Council will not support proposals for shared-ownership housing in Camden.
- IH2.81 The Mayor has introduced a new intermediate housing product known as London Living Rent. This product is initially offered for rent, but by the end of the initial ten years it will convert to shared ownership. The Council welcomes the Mayor's increased emphasis on intermediate rented housing, but is not promoting conversion to shared ownership in Camden due to the high market values in the borough. We also welcome that the Mayor's recognition that providers have the flexibility to let intermediate rented housing at rents lower than the ward caps for London Living Rent. In Camden, the Council will seek to agree rents appropriate to the target income groups and housing costs set out in paragraphs IH2.78 and IH2.79 of this guidance.
- IH2.82 The Council has set local priorities for offers of tenancies in intermediate rented housing. These are set out in Schedule 1 of the Intermediate Housing Strategy. The Council has also established a Register of Interest for people interested in securing intermediate housing in Camden. Providers are expected to market their properties to people on the Register of Interest before marketing them more widely. Information

about the Strategy and the Register of Interest is available at:  
<http://www.camden.gov.uk/ccm/navigation/housing/housing-options/http-wwwcamdengovuk-ccm-content-housing-housing-options-new-i-want-to-buy-or-rent-in-camden-intermediate-housingen/>

- IH2.83 When intermediate housing was first introduced it was often aimed specifically at key workers. Key workers are generally defined as staff of public authorities such as the NHS, teachers, social workers, fire-fighters, the police and the armed forces. The Council will not generally limit occupation of intermediate housing to key workers. Where a restriction to key workers is appropriate in the context of the characteristics of the development or the area, Camden will generally use the definition of key workers given in this guidance, varied as necessary to meet the purpose of the proposal (eg for development on NHS land to provide housing for nurses). When considering the proportion of key worker housing appropriate to a development, the Council will have regard Local Plan Policy H4, the characteristics of the development and the area and the circumstances noted in paragraph IH2.74 of this guidance.

### **Mix of dwelling sizes**

- IH2.84 The Council's Residential development standards (included in this CPG) give general guidance on minimum floorspace, internal arrangements and accessibility for all housing tenures. In particular, homes of all tenures should satisfy the requirements of Policy H6 of Camden Local Plan 2017 in relation to the nationally described space standard, accessible and adaptable dwellings, and wheelchair user dwellings.
- IH2.85 This sub-section of the guidance is concerned primarily with the numbers of bedrooms that are expected as part of affordable housing development. Local Plan paragraph 3.185 defines 'large homes' as homes with 3-bedrooms or more, and 'small homes' as studio flats, 1-bedroom and 2-bedroom homes. Local Plan Policy H7 indicates that we will expect a mix of large and small homes in all housing development, and seek a range of self-contained homes to meet identified dwelling size priorities. These priorities are set out in detail in paragraph 3.189 of our Local Plan, which includes a Dwelling Size Priorities Table.
- IH2.86 For social-affordable rented housing, we will give high priority to family homes with three bedrooms, and to smaller homes with two bedrooms.
- IH2.87 For intermediate rented housing, we will give high priority to studio and one bedroom homes. We will also consider inclusion of high quality two bedroom/ four person homes for sharers where these can improve the affordability of the intermediate rented homes in a scheme to the Council's target income groups (the target income groups and housing costs are set out in paragraphs IH2.78 and IH2.79 of this guidance – for example two sharers each with a gross income of £30,000 could potentially afford housing costs of £323 per week). Any two bedroom/ four person homes should be genuinely suitable for sharers and dedicated to letting on a shared basis to two eligible households. We will

not generally support provision of intermediate rented homes with three bedrooms or more as these would not be affordable to our target income groups on an individual basis and would be more complex to let on a shared basis. More detailed guidance is given in the following Fig. IH4 and Fig. IH5.



**Fig. IH4. Mix of social-affordable rented housing**

<p><b>Overall aim: 50% of homes with 3 bedrooms or more</b></p> <p><b>Preferred mix:</b></p> <ul style="list-style-type: none"> <li>• 1-bedroom homes – no more than 20%</li> <li>• 2-bedroom homes – 30%</li> <li>• 3-bedroom homes – 30%, or 50% if no 4-bedroom homes are provided</li> <li>• 4-bedroom homes – 20%</li> </ul> <p><b>Other objectives:</b></p> <ul style="list-style-type: none"> <li>• Social-affordable rented homes should be provided at the benchmark rents for London Affordable Rent, or otherwise at or around the level of target rents for social housing.</li> <li>• Social-affordable rented homes should have physically separate kitchens and living areas where practical, particularly 3- and 4-bedrooms homes.</li> <li>• 10% of social-affordable rented homes should be designed, built and fitted-out as Wheelchair Accessible Dwellings to comply with Building Regulation M4(3)(2)(b) in accordance with Local Plan Policy H6 and accompanying paragraph 3.155.</li> </ul>
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**Fig. IH5. Mix of intermediate rented housing**

<p><b>Preferred mix:</b></p> <ul style="list-style-type: none"> <li>• Studio flats/ 1-bedroom homes – a proportion is expected in all schemes</li> <li>• 2-bedroom homes– a limited proportion of high quality two bedroom/ four-person homes may be included where they are genuinely suitable for sharers and dedicated to letting on a shared basis to two eligible households</li> <li>• 3-bedrooms or more - generally we will not support provision of homes with three bedrooms or more.</li> </ul> <p><b>Other objectives:</b></p> <ul style="list-style-type: none"> <li>• Intermediate rented homes should be affordable to the target income groups set out in paragraph IH2.78 of this guidance.</li> <li>• 10% of intermediate homes should be designed and built as Wheelchair Adaptable Dwellings to comply with Building Regulation M4(3)(2)(a) in accordance with Local Plan Policy H6 and accompanying paragraph 3.155.</li> </ul>
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IH2.88 The precise mix of dwellings will be negotiated with developers, affordable housing providers and any employers involved in each scheme, taking into account the character of the development, the site and the area, and other criteria included in Local Plan Policy H7. We will take full account of guidance in the Local Plan dealing with large homes and child density (paragraphs 3.197 to 3.199), and wheelchair user dwellings (paragraphs 3.154 – 3.155).

- IH2.89 Where schemes involve both social-affordable rented housing and intermediate housing, it may often be appropriate to have a high proportion of one-bedroom intermediate homes and a high proportion of social-affordable rented homes with three bedrooms or more. Such schemes can potentially meet our dwelling size priorities while limiting the cost of the intermediate housing and limiting overall child density.

### **Transparency and confidential viability information**

*This sub-section replaces paragraphs 2.77 and 2.78 of the Housing CPG 2016.*

- IH2.90 The Camden Local Plan 2017 indicates that the Council supports transparency in decision making (see Local Plan paragraphs 3.64, 3.123 and 11.35). To that end we will:
- expect developers to provide information on viability through an open-book approach;
  - seek the maximum reasonable disclosure of information in viability appraisals; and
  - have regard to any elements that are commercially sensitive.
- IH2.91 When an applicant submits viability information to the Council (including viability appraisals and all supporting material), the applicant should be aware that the Council favours transparency and public disclosure. There is a presumption in favour of disclosure, both built into the Environmental Information Regulations 2004 and the Council's own approach. Therefore the Council's standard policy is that all viability information will be released, whether proactively by routine publication or reactively ie in response to Environmental Information Regulations or Freedom of Information Act requests.
- IH2.92 As noted there is a presumption in favour of disclosure therefore the Council will assess any case for confidentiality against that backdrop having regard to the adverse effect and the overriding public interest test in the Environmental Information Regulations and the Freedom of Information Act. Where, in the Council's opinion, the public interest falls on the side of releasing, the viability information will be published notwithstanding the applicant's case for any specific element of the viability information to remain confidential.
- IH2.93 As indicated in Local Plan paragraphs 3.64 and 3.123, the Council may seek independent verification of a viability appraisal where the proposed contribution to housing or affordable housing falls significantly short of requirements in Policies H2 and H4. The Council will also favour transparency and public disclosure in the verification process. As part of the decision-making process the Council will therefore generally release a report of the independent verification of the financial viability appraisal.
- IH2.94 Where a further viability appraisal is submitted to the Council after the determination of a planning application (for example, in association with

a deferred contingent contribution to housing or affordable housing), the Council will also favour transparency and public disclosure.

### **Deferred affordable housing contributions - replacement paragraph in the Housing CPG 2016**

*The following paragraph has been inserted in the Housing CPG 2016 to replace paragraph 2.100.*

The further financial viability appraisal should comply with all the requirements for financial viability appraisal set out in paragraphs 2.65 to 2.92 of the Housing CPG 2016, including the modelling of cash flows. Where inputs such as build costs and sales values are based on estimates rather than agreed contracts and transactions on homes within the scheme, we will expect appraisals to use appropriate projections with reference to trends in the requisite segment of the housing market and to sources such as BCIS indices. The Council will favour transparency and public disclosure of the further financial appraisal in accordance with the subsection of our Interim Housing CPG '**Transparency and confidential viability information**'.

### **Payments in lieu**

*This sub-section replaces paragraphs 2.121 to 2.124 of the Housing CPG 2016.*

- IH2.95 Local Plan Policy H2 indicates that any requirement for self-contained housing should generally be met on site (particularly where additional floorspace of 1,000sq m (GIA) or more is proposed). Policy H4 indicates that any requirement for affordable housing should be met on site for developments with capacity for 10 additional dwellings or more. For smaller schemes, there is potential for the Council to accept payments in lieu of both affordable and market housing. Otherwise, Policies H2 and H4 only allow payments-in-lieu of housing/ affordable housing in exceptional circumstances. Paragraphs 2.101 to 2.105 of the Housing CPG 2016 provide more information about those circumstances. Payments-in-lieu may be accepted where the required housing/ affordable housing cannot practically be achieved on-site and the applicant demonstrates that no alternative site is available in the area (see paragraphs 3.57 and 3.117 of the Camden Local Plan 2017). Payments-in-lieu of housing will be paid into the Council's affordable housing fund whether they arise under Policy H2 or Policy H4, as the Council does not hold funds for investment in market housing.
- IH2.96 Where development proposals involve a shortfall of the housing or affordable housing required under Policies H2 or H4, the Council may negotiate a payment in lieu of the unmet requirement.
- IH2.97 Where the Council considers that a payment-in-lieu of housing/ affordable housing is appropriate under Policies H2 or H4, we will calculate the payment-in-lieu on the basis of the figures in Camden Planning Guidance CPG8 on **Planning Obligations**. The calculation is based on viability research commissioned by the Council in 2010 to set

standard payment-in-lieu figures per square metre for market and affordable housing.

### **Payment-in-lieu figures per sq m**

- IH2.98 Following adoption of the Camden Local Plan 2017, we expect to commission new research to generate new standard payment-in-lieu figures based on current development values and costs. We anticipate that consultation on the new figures will take place as part of review of CPG2 and CPG8 in 2018. In the interim, the Council will continue to use the existing figures in CPG8 based on 2010 research.
- IH2.99 In the context of the policy approach set out in the Local Plan, the two payment in lieu figures from CPG8 that will be appropriate in most cases are as follows:
- £700 per sq m GEA – this figure will be applied where there is a shortfall of market housing under Policy H2 in a non-residential or mixed use development<sup>4</sup>;
  - £2,650 per sq m GEA – this figure will be applied where there is a shortfall of affordable housing under Policies H2 and H4 in a residential, non-residential or mixed-use development<sup>5</sup>.
- IH2.100 CPG8 also provides a third figure of £1,350 per sq m GEA. This figure is only appropriate in the case of a large non-residential or mixed-use development where the 50% affordable housing percentage target applies (ie having capacity for 25 or more additional homes) and there is an equal shortfall of market housing and affordable housing under Policies H2 and H4<sup>6</sup>. Non-residential/ mixed-use developments where

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<sup>4</sup> this figure is based on the difference between the residual value of commercial space in a development and the residual value of market housing in a development, and represents the benefit to the developer of providing commercial floorspace in place of market housing

<sup>5</sup> this figure is based on the difference between the residual value of market housing in a development and the residual value of affordable housing in a development, and represents the benefit to the developer of providing market housing in place of affordable housing – ideally for mixed use schemes the figure would increase to reflect the difference between the residual value of commercial space in a development and the residual value of affordable housing in a development (potentially the sum of £700 psm and £2,650 psm), however the 2010 research did consider this scenario

<sup>6</sup> this figure is based on the difference between the residual value of commercial space within a development of and the residual value of self-contained housing within a development, where the housing is split 50:50 between market and affordable housing – it is no longer appropriate for mixed-use development with capacity for fewer than

the 50% affordable housing percentage target applies will generally be those involving a *total* addition to floorspace of 5,000 sq m GIA or more.

IH2.101 These figures were devised on the basis that they should apply to the Gross External Area (GEA) of housing/ affordable housing required. As indicated in paragraph IH2.28 of this guidance, we will expect developers to provide measurements of the residential and non-residential GEA (and the individual tenures/ uses) where the Council considers that a payment in lieu of housing or affordable housing is appropriate. Where a measurement of GEA is not available, the Council will consider using a standard multiplier to estimate GEA as set out in paragraphs IH2.29 and IH2.30 of this guidance.

### **Calculating payments in lieu of affordable housing (residential developments)**

IH2.102 As indicated in Local Plan Policy H4, we will accept a payment in lieu of affordable housing where developments have capacity for fewer than 10 additional dwellings, but otherwise only in exceptional circumstances.

IH2.103 In order to calculate the payment, it is necessary to calculate the on-site affordable housing floorspace target<sup>7</sup> in accordance with paragraphs IH2.39 to IH2.49 of this guidance – in summary, we will assess:

- the capacity of the development (based on GIA rounded to the nearest 100 sq m, where each 100 sq m GIA added to residential floorspace represents capacity for one additional home);
- the affordable housing percentage target (based on capacity, starting at 2% where development provides one or more additional homes and involves a total addition to residential floorspace of 100 sq m GIA or more, and adding 2% for each home added to the capacity); and
- the affordable housing floorspace target<sup>7</sup> (determined by applying the affordable housing percentage target to *all* additional housing floorspace – rather than a rounded floorspace).

IH2.104 As indicated in paragraph IH2.28 of this guidance, the Camden Local Plan 2017 has adopted Gross Internal Area (GIA) to assess floorspace, but CPG8 provides formulae for payments-in-lieu based on Gross External Area (GEA). Consequently, where the Council considers that a payment in lieu of affordable housing is appropriate, we will assess the capacity of the development and the affordable housing percentage

IH1.2

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25 additional homes as the sliding scale target for affordable housing now applies to these schemes rather than the 50% target

<sup>7</sup> please note that the method for calculating off-site affordable housing requirements set out in Figure 9 of the Housing CPG 2016 is only appropriate where direct provision of affordable housing will be made on an alternative site in the same area, and is *not* used to calculate payments in lieu

target on the basis of Gross Internal Area (GIA), but will apply the affordable housing percentage target to the overall addition to Gross External Area (GEA) to calculate the affordable housing floorspace target as GEA.

- IH2.105 The affordable housing shortfall will be the affordable housing floorspace target<sup>7</sup> (GEA) minus the floorspace of any new affordable housing proposed as part of the development (GEA). The payment in lieu required will be the affordable housing shortfall (GEA) multiplied by £2,650 per sq m.
- IH2.106 Fig. IH6 below gives examples of how we will calculate payments in lieu of affordable housing. All examples given involve 1 or more additional homes and an additional residential floorspace of 100 sq m GIA or more, thus triggering an affordable housing requirement. As payments in lieu will most commonly arise for developments with capacity for fewer than 10 additional homes, all the examples provided are in this category. In each case we have assumed that no affordable housing is proposed on-site as part of the development – thus the affordable housing shortfall equates to the affordable housing target (GEA).
- IH2.107 Fig. IH6 illustrates that total payments in lieu of affordable housing arising from developments with capacity for 1 to 9 additional homes can be expected to vary from around £7,000 for the smallest developments to £570,000 for the largest developments.

Fig. IH6. Calculating payments in lieu of affordable housing

Additional residential floorspace (GIA)	Capacity (rounded floorspace addition/ 100 sq m)	Affordable housing %ge target (capacity x 2%)	Estimated GEA <sup>8</sup> (GIA x 1.25)	Affordable housing floor-space target (%ge target x GEA)	Payment in lieu required (floorspace target x £2,650)
105 sq m GIA	1 additional home	2%	105 x 1.25 = 131.2	2% x 131.2 = 2.6	2.6 x £2,650 = £6,890
259 sq m GIA	3 additional homes	6%	259 x 1.25 = 323.7	6% x 323.7 = 19.4	19.4 x £2,650 = £51,410
578 sq m GIA	6 additional homes	12%	578 x 1.25 = 722.5	12% x 722.5 = 86.7	86.7 x £2,650 = £229,755
941 sq m GIA	9 additional homes	18%	941 x 1.25 = 1,176.2	18% x 1,176.2 = 211.7	211.7 x £2,650 = £561,005

### Calculating payments in lieu of market housing and affordable housing (non-residential and mixed-use developments)

IH2.108 As indicated in Local Plan Policy H2, we require self-contained housing to be provided on site as part of mixed-use developments, particularly where 1,000 sq m (GIA) of additional floorspace or more is proposed, but payment in lieu of self-contained housing may be appropriate in exceptional circumstances. The different thresholds and criteria in Policies H2 and H4 relating to on-site and off-site provision create potential for developers to meet policy requirements in a variety of different ways. The sub-section of this guidance '**How much housing and affordable housing do we expect as part of a mix of uses?**' provides more information about how the requirements may be met.

IH2.109 Where Policy H2 applies and the Council has agreed to accept a payment-in-lieu of all or part of the self-contained housing requirement, as it first step it is necessary to calculate the self-contained housing floorspace target (GIA), the capacity for additional homes, the affordable housing percentage target, and the market housing percentage target.

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<sup>8</sup> in these examples, we have estimated GEA as 1.25 x GIA, in accordance with paragraph IH2.30 of this guidance, but the Council will use the measured GEA where available, and will consider use of an alternative multiplier that is shown to be more appropriate

Guidance on calculating these is provided in paragraphs IH2.56, paragraphs IH2.39 to IH2.43, and paragraph IH2.58 respectively.

IH2.110 In most circumstances, we will expect some on-site provision of self-contained housing. In these cases, as a second step it is necessary to calculate the affordable housing floorspace target (GIA) and the market housing floorspace target (GIA) in accordance with the paragraphs IH2.44 to IH2.52 and paragraph IH2.59 of this guidance<sup>9</sup>. The third step will be to subtract any proposed additions to market and affordable housing floorspace included on the site from the relevant target to calculate the market housing shortfall (GIA) and the affordable housing shortfall (GIA).

IH2.111 As indicated in paragraph IH2.28 of this guidance, the Camden Local Plan 2017 has adopted Gross Internal Area (GIA) to assess floorspace, but CPG8 provides formulae for payments-in-lieu based on Gross External Area (GEA). Consequently, when calculating the payment for mixed-use schemes, the fourth step will be to convert each shortfall (GIA) into an estimated GEA, and the fifth and final step will be to calculate payments as follows:

- the payment in lieu of market housing will be the market housing shortfall (GEA) multiplied by £700 per sq m; and
- the payment in lieu of affordable housing will be the affordable housing shortfall (GEA) multiplied by £2,650 per sq m.

IH2.112 In exceptional circumstances, usually where the total addition to floorspace is under 1,000 sq m GIA, we may accept payment in lieu of all the self-contained housing requirement. In these cases:

- as a first step we will still use the Gross Internal Area (GIA) to assess the self-contained housing floorspace target (GIA), the capacity for additional homes, the affordable housing percentage target and the market housing percentage target;
- as a second step, we will apply the percentage targets to the overall addition to Gross External Area (GEA) to calculate the self-contained housing floorspace target (GEA), the affordable housing floorspace target (GEA) and the market housing floorspace target (GEA);
- the third step described in paragraph IH2.110 above will not be needed as the affordable housing floorspace shortfall will be the entire affordable housing floorspace *target*, and the market housing

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<sup>9</sup> please note that the methods for calculating off-site housing requirements and off-site affordable housing requirements set out Figure 8 and Figure 9 of the Housing CPG 2016 are only appropriate where direct provision of housing/ affordable housing will be made on an alternative site in the same area, and are not used to calculate payments in lieu



floorspace shortfall will be the entire market housing floorspace target;

- the fourth step described in paragraph IH2.111 above will not be needed as the floorspace targets are already expressed in terms of GEA;
- the payment in lieu of market housing will be the market housing target (GEA) multiplied by £700 per sq m; and
- the payment in lieu of affordable housing will be the affordable housing shortfall (GEA) multiplied by £2,650 per sq m.

IH2.113 In very rare circumstances, where justified taking into account all the criteria in Policy H2, we may accept payment in lieu of all the self-contained housing requirement for a scheme where the total addition to floorspace is 5,000 sq GIA or more, the self-contained housing floorspace target is 2,500 sq m GIA or more, and thus there is a 50% target each for affordable housing and market housing. In these rare circumstances the overall shortfall of self-contained housing is made up of equal shortfalls of affordable housing and market housing, and a single payment in lieu can be calculated more simply by taking the overall self-contained housing floorspace target (GEA) (which will also be the shortfall) and multiplying by £1,350 per sq m<sup>10</sup>.

IH2.114 Fig. IH7 to Fig. IH10 set out four examples of the calculation of payments in lieu for progressively larger schemes which illustrate the impact of thresholds in Policies H2 and H4 triggering on-site requirement. These examples adopt the same proposed addition to floorspace as adopted in Fig. IH3 'Calculating the market housing and affordable housing targets as part of a mix of uses', and thus also adopt the same targets for self-contained housing, market housing and affordable housing. For each example, for the initial scenario we have calculated the payment in lieu of affordable housing and the payment in lieu of market housing assuming that no provision is made on site and thus the target is the shortfall. For each example we have also considered one or more additional scenarios where a proportion of the self-contained housing requirement is met on site.

IH2.115 For most scenarios in Fig. IH7 to Fig. IH10, we have also assumed that the applicant has provided measurements of GIA and has been unable to provide measurements of GEA. For completeness, we have also

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<sup>10</sup> this calculation generates a lower sum than would be generated by separately calculating an affordable housing payment (from affordable housing floorspace shortfall x £2,650 per sq m) and a market housing payment (from market housing floorspace shortfall x £700 per sq m), however the £1,350 per sq m was generated from the 2010 research specifically for situations where a non-residential development generates a 50% self-contained housing target and a 50% affordable housing target, and we note that a payment in lieu could only be justified for such a large development in very rare circumstances

included scenarios in Fig. IH8, Fig. IH9 and Fig. IH10 (examples 2.2, 3.1, 4.1 and 4.3) showing the calculation where the applicant has provided measurements of GIA and GEA.

- IH2.116 Where Policies H2 and H4 apply, schemes involving a total addition to floorspace of under 2,000 sq m GIA and capacity for fewer than 10 additional homes may meet the affordable housing target by making a payment-in-lieu. Where market housing can be provided on site, we will expect increased provision of market housing to meet the full self-contained housing target. In these circumstances, the Council may negotiate an adjusted affordable housing payment-in-lieu to reflect the increased provision of market housing – this is illustrated by Examples 1.4 and 2.4.
- IH2.117 Where Policies H2 and H4 apply to schemes involving a total addition to floorspace of over 2,000 sq m GIA, and it is not possible to meet the full requirement for additional self-contained housing, we will prioritise the on-site delivery of affordable housing. Where only affordable housing will be provided on-site, the Council may negotiate enhanced provision of affordable housing (in terms of quantity, quality and/ or affordability) by reinvesting a proportion of the payment in lieu of market housing within the development – this is illustrated by Examples 3.3 and 4.4.
- IH2.118 In Fig. IH7, Examples 1.1 to 1.4 relate to four scenarios where the total addition to floorspace is below 1,000 sq m, so there is potential for a payment in lieu of affordable housing and market housing.
- Examples 1.1 and 1.2 are possible scenarios where the potential for on-site and off-site delivery of self-contained housing has been fully explored and there is no prospect of meeting the target in full.
  - Example 1.4 represents the Council's preferred scenario, as Policy H2 is fully satisfied by on-site provision of market housing, and Policy H4 is fully satisfied by a payment in lieu of affordable housing.
  - Example 1.3 satisfies Policy H4 through a payment in lieu of affordable housing, but does not satisfy Policy H2, as the additional self-contained housing floorspace falls short of 50% of the overall floorspace.
  - The payment in lieu calculations in Example 1.3 and 1.4 provide the same outcome, as there is no market housing shortfall in either case, and the affordable housing shortfall is the same in each case. To encourage developers adopt the scenario that fully satisfies Policy H2, the Council may negotiate an adjustment to the payment in lieu, equivalent to the surplus market housing floorspace, as shown in the penultimate row of the table for Example 1.4.

**Fig. IH7. Calculating payments in lieu of market housing and affordable housing where Policies H2 applies and the total addition to floorspace under 1,000 sq m GIA**

**Example 1.1 – scenario: development unable to provide any housing on or off site**

Total addition to floorspace proposed	660 sq m GIA
Self-contained housing floorspace target	660 x 50% target = 330 sq m GIA
Additional self-contained housing floorspace provision	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	300/100 x 2% = 6%
Affordable housing floorspace target (= shortfall in this scenario)	330 x 6% target = 19.8 sq m GIA
Estimated affordable housing shortfall GEA (GIA x 1.25)	19.8 x 1.25 = 24.7 sq m GEA
Payment-in-lieu of affordable housing (shortfall GEA x £2,650 psm)	24.7 x £2,650 = £65,455
Market housing percentage target (100% minus affordable %ge target)	100 – 6% = 94%
Market housing floorspace target (=shortfall in this scenario)	330 x 94% = 310.2 sq m GIA
Estimated market housing shortfall GEA (GIA x 1.25)	310.2 x 1.25 = 387.7 sq m GEA
Payment in lieu of market housing (shortfall GEA x £700 psm)	387.7 x £700 = £271,390
<b>Total payment</b> (different affordable and market housing shortfalls)	£65,455 + £271,390 = <b>£336,845</b>

**Example 1.2 – scenario: development unable to meet full market housing requirement on-site**

Total addition to floorspace proposed	660 sq m GIA
Self-contained housing floorspace target	660 x 50% target = 330 sq m GIA
Additional self-contained housing floorspace provision - market	220 sq m GIA
Additional self-contained housing floorspace provision - affordable	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	300/100 x 2% = 6%
Affordable housing floorspace target (= shortfall in this scenario)	330 x 6% target = 19.8 sq m GIA
Estimated affordable housing shortfall GEA (GIA x 1.25)	19.8 x 1.25 = 24.7 sq m GEA
Payment-in-lieu of affordable housing (shortfall GEA x £2,650 psm)	24.7 x £2,650 = £65,455
Market housing percentage target (100% minus affordable %ge target)	100 – 6% = 94%
Market housing floorspace target	330 x 94% = 310.2 sq m GIA
Market housing shortfall GIA	310.2 – 220 = 90.2 sq m GIA
Estimated market housing shortfall GEA (GIA x 1.25)	90.2 x 1.25 = 112.7 sq m GEA
Payment in lieu of market housing (shortfall GEA x £700 psm)	112.7 x £700 = £78,890
<b>Total payment</b> (different affordable and market housing shortfalls)	£65,455 + £78,890 = <b>£144,345</b>

**Example 1.3 – scenario: development meets full market housing requirement but unable to meet full self-contained housing requirement on-site**

Total addition to floorspace proposed	660 sq m GIA
Self-contained housing floorspace target	660 x 50% target = 330 sq m GIA
Additional self-contained housing floorspace provision - market	310 sq m GIA
Additional self-contained housing floorspace provision - affordable	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	300/100 x 2% = 6%
Affordable housing floorspace target (= shortfall in this scenario)	330 x 6% target = 19.8 sq m GIA
Estimated affordable housing shortfall GEA (GIA x 1.25)	19.8 x 1.25 = 24.7 sq m GEA
Payment-in-lieu of affordable housing (shortfall GEA x £2,650 psm)	24.7 x £2,650 = £65,455
Market housing percentage target (100% minus affordable %age target)	100 – 6% = 94%
Market housing floorspace target	330 x 94% = 310.2 sq m GIA
Market housing shortfall GIA	310.2 – 310 = approx 0 sq m GIA
<b>Total payment</b> (affordable housing shortfall only)	<b>£65,455</b>

**Example 1.4 – scenario: full housing requirement met but no affordable housing**

Total addition to floorspace proposed	660 sq m GIA
Self-contained housing floorspace target	660 x 50% target = 330 sq m GIA
Additional self-contained housing floorspace provision - market	330 sq m GIA
Additional self-contained housing floorspace provision - affordable	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	300/100 x 2% = 6%
Affordable housing floorspace target (= shortfall in this scenario)	330 x 6% target = 19.8 sq m GIA
Estimated affordable housing shortfall GEA (GIA x 1.25)	19.8 x 1.25 = 24.7 sq m GEA
Payment-in-lieu of affordable housing (shortfall GEA x £2,650 psm)	24.7 x £2,650 = £65,455

Market housing percentage target (100% minus affordable %ge target)	$100 - 6\% = 94\%$
Market housing floorspace target	$330 \times 94\% = 310.2 \text{ sq m GIA}$
Market housing SURPLUS GIA	$310.2 - 330 = -19.8 \text{ sq m GIA}$
Estimated market housing SURPLUS GEA (GIA x 1.25)	$-19.8 \times 1.25 = -24.7 \text{ sq m GEA}$
Potential adjustment for market housing surplus (surplus GEA x £700 psm)	$-24.7 \times £700 = -£17,290$
<b>Total payment</b> (affordable housing shortfall only)	<b>£65,455</b>

IH2.119 In Fig. IH8, Examples 2.1 to 2.4 relate to four scenarios where the total addition to floorspace is between 1,000 sq m and 2,000 sq m GIA, so we will accept a payment in lieu of affordable housing but expect market housing to be provided on site.

- Examples 2.1 and 2.2 show scenarios that would only be acceptable in exceptional circumstances because there is no on-site or off-site delivery of self-contained housing. In Example 2.2, the GEA has been provided by the applicant, and this illustrates how the steps in the calculation will vary where GEA is available.
- Example 2.4 represents the Council's preferred scenario, as Policy H2 is fully satisfied by on-site provision of market housing, and Policy H4 is fully satisfied by a payment in lieu of affordable housing.
- Example 2.3 shows a scenario that satisfies Policy H4 through a payment in lieu of affordable housing, but only partly satisfies Policy H2 through a combination of on-site provision of market housing and a payment in lieu of market housing.
- There is relatively little difference between the outcome of the payment in lieu calculations in Example 2.3 and 2.4. This is because the affordable housing shortfall is the same in each case and only Example 2.3 involves a market housing shortfall – which is very small. To encourage developers adopt the scenario that fully satisfies Policy H2, the Council may negotiate an adjustment to the payment in lieu, equivalent to the surplus market housing floorspace, as shown in the penultimate row of the table for Example 2.4.

**Fig. IH8. Calculating payments in lieu of market housing and affordable housing where Policies H2 applies and the total addition to floorspace is 1,000 sq m GIA or more (but below 2,000 sq m GIA)**

**Example 2.1 – scenario: development unable to provide any housing on or off site – GEA estimated**

Total addition to floorspace proposed	1,450 sq m GIA
Self-contained housing floorspace target	$1,450 \times 50\% = 725$ sq m GIA
Additional self-contained housing floorspace provision	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	$700/100 \times 2\% = 14\%$
Affordable housing floorspace target (= shortfall in this scenario)	$725 \times 14\% = 101.5$ sq m GIA
Estimated affordable housing shortfall GEA (GIA x 1.25)	$101.5 \times 1.25 = 126.9$ sq m GEA
Payment-in-lieu of affordable housing (shortfall GEA x £2,650 psm)	$126.9 \times £2,650 = £336,285$
Market housing percentage target (100% minus affordable %ge target)	$100 - 14\% = 86\%$
Market housing floorspace target (= shortfall in this scenario)	$725 \times 86\% = 623.5$ sq m GIA
Estimated market housing shortfall GEA (GIA x 1.25)	$623.5 \times 1.25 = 779.4$ sq m GEA
Payment in lieu of market housing (shortfall GEA x £700 psm)	$779.4 \times £700 = £545,580$
<b>Total payment</b> (different affordable and market housing shortfalls)	$£65,455 + £271,390 = \mathbf{£881,865}$

**Example 2.2 scenario: development unable to provide any housing on or off site - GEA provided by applicant**

Total addition to floorspace proposed	1,450 sq m GIA
Total addition to floorspace proposed	1,885 sq m <b>GEA</b>
Self-contained housing floorspace target	$1,450 \times 50\% = 725$ sq m GIA
Capacity	$700 / 100 = 7$ additional homes
Self-contained housing floorspace target <b>GEA</b>	$1,885 \times 50\% = 942.5$ sq m <b>GEA</b>
Additional self-contained housing floorspace provision	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	$7 \times 2\% = 14\%$
Affordable housing floorspace target (= shortfall in this scenario) <b>GEA</b>	$942.5 \times 14\% = 131.9$ sq m <b>GEA</b>
Payment-in-lieu of affordable housing (shortfall GEA x £2,650 psm)	$131.9 \times £2,650 = £349,535$
Market housing percentage target (100% minus affordable %ge target)	$100 - 14\% = 86\%$
Market housing floorspace target (= shortfall in this scenario) <b>GEA</b>	$942.5 \times 86\% = 810.5$ sq m <b>GEA</b>
Payment in lieu of market housing (shortfall GEA x £700 psm)	$810.5 \times £700 = £567,350$
<b>Total payment</b> (different affordable and market housing shortfalls)	$£349,535 + £567,350 = \mathbf{£916,885}$

**Example 2.3 – scenario: development unable to meet full housing requirement on-site – GEA estimated**

Total addition to floorspace proposed	1,450 sq m GIA
Self-contained housing floorspace target	$1,450 \times 50\% = 725$ sq m GIA
Additional self-contained housing floorspace provision - market	600 sq m GIA
Additional self-contained housing floorspace provision - affordable	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	$700/100 \times 2\% = 14\%$
Affordable housing floorspace target (= shortfall in this scenario)	$725 \times 14\% = 101.5$ sq m GIA
Estimated affordable housing shortfall GEA (GIA x 1.25)	$101.5 \times 1.25 = 126.9$ sq m GEA
Payment-in-lieu of affordable housing (shortfall GEA x £2,650 psm)	$126.9 \times £2,650 = £336,285$



Market housing percentage target (100% minus affordable %ge target)	$100 - 14\% = 86\%$
Market housing floorspace target	$725 \times 86\% = 623.5 \text{ sq m GIA}$
Market housing shortfall GIA	$623.5 - 600 = 23.5 \text{ sq m GIA}$
Estimated market housing shortfall GEA (GIA x 1.25)	$23.5 \times 1.25 = 29.4 \text{ sq m GEA}$
Payment in lieu of market housing (shortfall GEA x £700 psm)	$29.4 \times £700 = £20,580$
<b>Total payment</b> (different affordable and market housing shortfalls)	$£336,285 + £20,580 = \mathbf{£356,865}$

**Example 2.4 – scenario: full housing requirement met but no affordable housing - GEA estimated**

Total addition to floorspace proposed	1,450 sq m GIA
Self-contained housing floorspace target	$1,450 \times 50\% = 725 \text{ sq m GIA}$
Additional self-contained housing floorspace provision - market	725 sq m GIA
Additional self-contained housing floorspace provision - affordable	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	$700/100 \times 2\% = 14\%$
Affordable housing floorspace target (= shortfall in this scenario)	$725 \times 14\% = 101.5 \text{ sq m GIA}$
Estimated affordable housing shortfall GEA (GIA x 1.25)	$101.5 \times 1.25 = 126.9 \text{ sq m GEA}$
Payment-in-lieu of affordable housing (shortfall GEA x £2,650 psm)	$126.9 \times £2,650 = £336,285$
Market housing percentage target (100% minus affordable %ge target)	$100 - 14\% = 86\%$
Market housing floorspace target	$725 \times 86\% = 623.5 \text{ sq m GIA}$
Market housing SURPLUS GIA	$623.5 - 725 = -101.5 \text{ sq m GIA}$
Estimated market housing SURPLUS GEA (GIA x 1.25)	$-101.5 \times 1.25 = -126.9 \text{ sq m GEA}$
Potential adjustment for market housing surplus (surplus GEA x £700 psm)	$-126.9 \times £700 = -£88,830$
<b>Total payment</b> (affordable housing shortfall only)	<b>£336,285</b>

IH2.120 In Fig. IH9, Examples 3.1 to 3.3 relate to three scenarios where the total addition to floorspace is between 2,000 sq m and 5,000 sq m GIA, so we will expect affordable and market housing to be provided on-site, and the

split between them should reflect the affordable housing percentage target on the sliding scale.

- Example 3.1 shows a scenario that would only be acceptable in exceptional circumstances because there is no on-site or off-site delivery of self-contained housing. The GEA has been provided by the applicant, and this illustrates how the steps in the calculation will vary where GEA is available.
- Example 3.2 shows a scenario where on-site delivery of market housing satisfies a significant proportion of the requirement for self-contained homes arising from Policy H2, but there is no on- or off-site provision of affordable housing, and a substantial payment-in-lieu arises from Policy H4.
- Example 3.3 shows a scenario where affordable housing provision exceeds the target arising from Policy H4 operating in combination with Policy H2, although there is no provision of market housing on- or off-site, and Policy H2 is not fully satisfied. Where the overall addition to self-contained housing is severely constrained, this will represent the Council's preferred scenario, as it prioritises delivery of affordable housing.
- The payment-in-lieu arising from the shortfall of market housing in Example 3.3 is significantly lower than the payment-in-lieu arising from the shortfall of affordable housing in Example 3.2, which may increase its attractiveness as an option for developers.
- Example 3.3 also illustrates how the Council may negotiate to reinvest a proportion of the payment-in-lieu within the development to enhance provision of affordable housing. In this case the additional affordable housing provision exceeds the target by 37.8 sq m GIA, and the calculation suggests that there is potential for this enhanced affordable housing provision to be funded by reinvesting £125,080 from the total payment-in-lieu of £859,950. When negotiating the proportion of the payment-in-lieu needed to fund enhanced affordable housing provision, we will take account of the financial details of the scheme and the cost of the enhanced provision.

**Fig. IH9. Calculating payments in lieu of market housing and affordable housing where Policies H2 applies and the total addition to floorspace is 2,000 sq m GIA or more (but below 5,000 sq m GIA)**

**Example 3.1 – scenario: development unable to provide any housing on or off site - GEA provided by applicant**

Total addition to floorspace proposed	2,730 sq m GIA
Total addition to floorspace proposed	3,139.5 sq m <b>GEA</b>
Self-contained housing floorspace target GIA	$2,730 \times 50\% = 1,365$ sq m GIA
Capacity	$1,400 / 100 = 14$ additional homes
Self-contained housing floorspace target <b>GEA</b>	$3,139.5 \times 50\% = 1,569.7$ sq m <b>GEA</b>
Additional self-contained housing floorspace provision	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	$14 \times 2\% = 28\%$
Affordable housing floorspace target (= shortfall in this scenario) <b>GEA</b>	$1,569.7 \times 28\% = 439.5$ sq m <b>GEA</b>
Payment-in-lieu of affordable housing (shortfall GEA x £2,650 psm)	$439.5 \times £2,650 = £1,164,675$
Market housing percentage target (100% minus affordable %ge target)	$100 - 28\% = 72\%$
Market housing floorspace target (= shortfall in this scenario) <b>GEA</b>	$1,569.7 \times 72\% = 1,130.2$ sq m <b>GEA</b>
Payment in lieu of market housing (shortfall GEA x £700 psm)	$1,130.2 \times £700 = £791,140$
<b>Total payment</b> (different affordable and market housing shortfalls)	$£1,164,675 + £791,140 = £1,955,815$

**Example 3.2 – scenario: development unable to meet full housing requirement on-site – GEA estimated**

Total addition to floorspace proposed	2,730 sq m GIA
Self-contained housing floorspace target	$2,730 \times 50\% = 1,365$ sq m GIA
Additional self-contained housing floorspace provision - market	900 sq m GIA
Additional self-contained housing floorspace provision - affordable	0 sq m
Affordable housing percentage target	$1,400/100 \times 2\% = 28\%$
Affordable housing floorspace target (= shortfall in this scenario)	$1,365 \times 28\% = 382.2$ sq m GIA
Estimated affordable housing shortfall GEA (GIA x 1.25)	$382.2 \times 1.25 = 477.7$ sq m GEA
Payment-in-lieu of affordable housing (shortfall GEA x £2,650 psm)	$477.7 \times £2,650 = £1,265,905$
Market housing percentage target (100% minus affordable %ge target)	$100 - 28\% = 72\%$
Market housing floorspace target	$1,365 \times 72\% = 982.8$ sq m GIA
Market housing shortfall GIA	$982.8 - 900 = 82.8$ sq m GIA
Estimated market housing shortfall GEA (GIA x 1.25)	$82.8 \times 1.25 = 103.5$ sq m GEA
Payment in lieu of market housing (shortfall GEA x £700 psm)	$103.5 \times £700 = £72,450$
<b>Total payment</b> (different affordable and market housing shortfalls)	$£1,265,905 + £72,450 = £1,338,355$

**Example 3.3 – scenario: affordable housing requirement exceeded but unable to meet market housing requirement on-site – GEA estimated**

Total addition to floorspace proposed	2,730 sq m GIA
Self-contained housing floorspace target	$2,730 \text{ sq m} \times 50\% = 1,365$ sq m GIA
Additional self-contained housing floorspace provision - market	0 sq m
Additional self-contained housing floorspace provision - affordable	420 sq m GIA
Affordable housing percentage target	$1,400/100 \times 2\% = 28\%$
Affordable housing floorspace target	$1,365 \times 28\% = 382.2$ sq m GIA
Affordable housing SURPLUS GIA	$382.2 - 420 = -37.8$ sq m GIA
Estimated affordable housing SURPLUS GEA (GIA x 1.25)	$-37.8 \times 1.25 = -47.2$ sq m GEA
Potential to reinvest payment in lieu in	$-47.2 \times £2,650 = -£125,080$

enhanced affordable housing (surplus GEA x £2,650 psm)	
Market housing percentage target (100% minus affordable %age target)	$100 - 28\% = 72\%$
Market housing floorspace target (= shortfall in this scenario)	$1,365 \times 72\% = 982.8 \text{ sq m GIA}$
Estimated market housing shortfall GEA (GIA x 1.25)	$982.8 \times 1.25 = 1,128.5 \text{ sq m GEA}$
Payment in lieu of market housing (shortfall GEA x £700 psm)	$1,128.5 \times £700 = £859,950$
<b>Total payment</b> (market housing shortfall only)	<b>£859,950</b>

IH2.121 In Fig. IH10, Examples 4.1 to 4.4 relate to four scenarios where the total addition to floorspace is 5,000 sq m GIA or more, generating capacity for 25 additional homes or more and an affordable housing percentage target of 50%.

- Example 4.1 shows a scenario that would only be acceptable in exceptional circumstances because there is no on-site or off-site delivery of self-contained housing. However, it illustrates how the payment can be calculated in the rare circumstances where the shortfall of self-contained housing is made up of equal shortfalls of affordable housing and market housing, and a single payment in lieu can be calculated using a multiplier of £1,350 per sq m.
- Example 4.2 shows a scenario where Policy H4 is satisfied by on-site delivery of affordable housing, but there is no provision of market housing on- or off-site, and Policy H2 is not fully satisfied. This scenario is consistent with the priority we give to affordable housing where the full requirement for self-contained housing cannot be met. It also illustrates the use of lower payment-in-lieu figure per sq m where only market housing is omitted from the development.
- Example 4.3 shows a scenario where the development goes a long way towards satisfying the requirement for self-contained housing in Policy H2, but 60% of the provision is market housing. This scenario leads to a modest payment in lieu of market housing but a substantial payment in lieu of affordable housing. This scenario also illustrates how the steps in the calculation will vary where the GEA has been provided by the applicant.
- Example 4.4 shows a scenario where affordable housing provision exceeds the target arising from Policy H4 operating in combination with Policy H2, although there is no provision of market housing on- or off-site, and Policy H2 is not fully satisfied. Where the overall addition to self-contained housing is constrained, this will represent the Council's preferred scenario, as it prioritises on-site delivery of affordable housing.
- The payment in lieu calculations in Example 4.2 and 4.4 provide the same outcome, as there is no affordable housing shortfall in either

case, and the market housing shortfall is the same in each case. However, Example 4.4 illustrates how the Council may negotiate to reinvest a proportion of the payment-in-lieu within the development to enhance provision of affordable housing.

- In Example 4.4, the additional affordable housing provision exceeds the target by 205 sq m GIA, and the calculation suggests that there is potential for this enhanced affordable housing provision to be funded by reinvesting £678,930 from the total payment of lieu of £1,133,090. When negotiating the proportion of the payment-in-lieu needed to fund enhanced affordable housing provision, we will take account of the financial details of the scheme and the cost of the enhanced provision.

**Fig. IH10. Calculating payments in lieu of market housing and affordable housing where Policies H2 applies and the total addition to floorspace is 5,000 sq m GIA or more**

**Example 4.1 – scenario: development unable to provide any housing on or off site - GEA provided by applicant**

Total addition to floorspace proposed	5,180 sq m GIA
Total addition to floorspace proposed	6,320 sq m <b>GEA</b>
Self-contained housing floorspace target (= shortfall in this scenario) GIA	$5,180 \times 50\% = 2,590$ sq m GIA
Capacity	$2,590 / 100 = 26$ additional homes (ie "25 homes or more")
Self-contained housing floorspace target (= shortfall in this scenario) <b>GEA</b>	$6,320 \times 50\% = 3,160$ sq m <b>GEA</b>
Additional self-contained housing floorspace provision	0 sq m
Affordable housing percentage target	50%
Market housing percentage target (100% minus affordable %age target)	$100 - 50\% = 50\%$
<b>Payment in lieu of housing</b> (affordable and market housing shortfall are equal so payment = shortfall GEA x £1,350 psm)	$3,160 \times £1,350 = \mathbf{£4,266,000}$

**Example 4.2 – scenario: affordable housing requirement met but unable to meet market housing requirement on-site – GEA estimated**

Total addition to floorspace proposed	5,180 sq m GIA
Self-contained housing floorspace target	$5,180 \times 50\% = 2,590$ sq m GIA
Capacity	$2,590 / 100 = 26$ additional homes (ie "25 homes or more")
Additional self-contained housing floorspace provision - market	0 sq m
Additional self-contained housing floorspace provision - affordable	1,295 sq m GIA
Affordable housing percentage target	50%
Affordable housing floorspace target	$2,590 \times 50\% = 1,295$ sq m GIA
Affordable housing shortfall	0 sq m
Market housing percentage target (100% minus affordable %ge target)	$100 - 50\% = 50\%$
Market housing floorspace target (= shortfall in this scenario)	$2,590 \times 50\% = 1,295$ sq m GIA
Estimated market housing shortfall GEA (GIA x 1.25)	$1,295 \times 1.25 = 1,618.7$ sq m GEA
Payment in lieu of market housing (shortfall GEA x £700 psm)	$1,618.7 \times £700 = £1,133,090$
<b>Total payment</b> (market housing shortfall only)	<b>£1,133,090</b>

**Example 4.3 – scenario: affordable housing requirement and market housing requirement partly met but unable to meet full requirements on-site - GEA provided by applicant**

Total addition to floorspace proposed	5,180 sq m GIA
Total addition to floorspace proposed	6,320 sq m <b>GEA</b>
Self-contained housing floorspace target GIA	$5,180 \times 50\% = 2,590$ sq m GIA
Capacity	$2,590 / 100 = 26$ additional homes (ie "25 homes or more")
Self-contained housing floorspace target <b>GEA</b>	$6,320 \times 50\% = 3,160$ sq m <b>GEA</b>
Total additional self-contained housing provision <b>GEA</b>	2,400 sq m <b>GEA</b>
Additional self-contained housing floorspace provision – market <b>GEA</b>	1,420 sq m <b>GEA</b>
Additional self-contained housing floorspace provision – affordable <b>GEA</b>	980 sq m <b>GEA</b>
Affordable housing percentage target	50%
Affordable housing floorspace target <b>GEA</b>	$3,160 \times 50\% = 1,580$ sq m <b>GEA</b>
Affordable housing shortfall <b>GEA</b>	$1,580 - 980 = 600$ sq m <b>GEA</b>
Payment in lieu of affordable housing (shortfall GEA x £2,650 psm)	$600 \times £2,650 = £1,007,000$
Market housing percentage target (100% minus affordable %ge target)	$100 - 50\% = 50\%$
Market housing floorspace target <b>GEA</b>	$3,160 \times 50\% = 1,580$ sq m <b>GEA</b>
Market housing shortfall <b>GEA</b>	$1,580 - 1,420 = 160$ sq m <b>GEA</b>
Payment in lieu of market housing (shortfall GEA x £700 psm)	$160 \times £700 = £112,000$
<b>Total payment</b> (different affordable and market housing shortfalls)	$£1,007,000 + £112,000 = \mathbf{£1,119,000}$



**Example 4.4 – scenario: affordable housing requirement exceeded but unable to meet market housing requirement on-site – GEA estimated**

Total addition to floorspace proposed	5,180 sq m GIA
Self-contained housing floorspace target	$5,180 \times 50\% = 2,590$ sq m GIA
Capacity	$2,590 / 100 = 26$ additional homes (ie "25 homes or more")
Additional self-contained housing floorspace provision - market	0 sq m
Additional self-contained housing floorspace provision - affordable	1,500 sq m GIA
Affordable housing percentage target	50%
Affordable housing floorspace target	$2,590 \times 50\% = 1,295$ sq m GIA
Affordable housing SURPLUS GIA	$1,295 - 1,500 = -205$ sq m GIA
Estimated affordable housing SURPLUS GEA (GIA x 1.25)	$-205 \times 1.25 = -256.2$ sq m GEA
Potential to reinvest payment in lieu in enhanced affordable housing (surplus GEA x £2,650 psm)	$-256.2 \times £2,650 = -£- 678,930$
Market housing percentage target (100% minus affordable %age target)	$100 - 50\% = 50\%$
Market housing floorspace target (= shortfall in this scenario)	$2,590 \times 50\% = 1,295$ sq m GIA
Estimated market housing shortfall GEA (GIA x 1.25)	$1,295 \times 1.25 = 1,618.7$ sq m GEA
Payment in lieu of market housing (shortfall GEA x £700 psm)	$1,618.7 \times £700 = £1,133,090$
<b>Total payment</b> (market housing shortfall only)	<b>£1,133,090</b>

**When will we expect payments in lieu to be made?**

- IH2.122 We will generally expect financial obligations (payments) secured through a S106 agreement to be met (paid) when implementation of a development commences. For most financial obligations, payment upon implementation is necessary to ensure that the required infrastructure or mitigation is in place before the development is occupied, or as soon as possible afterwards. In the case of payments towards housing and affordable housing, payment upon implementation enables us to deliver affordable housing in tandem with non-residential development and market housing, maintaining the mixed-use character of the borough and mixed, inclusive and sustainable communities.
- IH2.123 The Council recognises that small development sites and smaller scale developers can make an important contribution to the delivery of additional homes. The Council also recognises that there may be some

cases where payment upon implementation could seriously harm development finances or cash flow, and potentially prevent the development taking place. For smaller schemes (usually those with capacity for fewer than 10 additional homes), where the applicant demonstrates to the Council's satisfaction that the prospect of development taking place would be seriously harmed by seeking a payment in lieu upon implementation, the Council may agree that the payment can be made later in the development process, or on a phased basis.

### **Payments in lieu and assessing financial viability**

- IH2.124 In negotiating a payment-in-lieu, the Council will also take into account the economics and financial viability of the particular development. Where a payment-in-lieu at the level anticipated by CPG on Planning Obligations would not be viable, the arrangements in paragraphs 2.65 to 2.100 of the Housing CPG 2016 will apply.
- IH2.125 As indicated in paragraph 2.108 of the Housing CPG 2016, financial appraisal mechanisms should not create an incentive towards off-site solutions. In addition to the financial viability appraisal requirements of paragraphs 2.65 to 2.100 of the Housing CPG 2016, the Council may therefore seek financial viability appraisal of the development with and without an on-site contribution, and will seek to ensure that any payment-in-lieu is broadly equivalent to the increase in development value where no contribution is made on-site. The Council may also consider the cost of developing the required percentage of housing/affordable housing off-site.

## Resources / contacts

*This section replaces the 'Resources/ contacts' sub-section of the Housing CPG 2016.*

### Contacts

Guidance on interpretation of the Local Plan	Strategic Planning and Implementation Team – email <a href="mailto:planningpolicy@camden.gov.uk">planningpolicy@camden.gov.uk</a> Contact Camden - 020 7974 4444
Guidance on our affordable housing priorities and our housing association partners	Camden Council Housing Commissioning and Partnerships Team – <a href="http://camden.gov.uk/ccm/content/contacts/council-contacts/housing/contact-housing-commissioning-team/">http://camden.gov.uk/ccm/content/contacts/council-contacts/housing/contact-housing-commissioning-team/</a>
Guidance on the pre-planning application advice service	<a href="http://www.camden.gov.uk/ppaa">www.camden.gov.uk/ppaa</a> Camden Council Duty Planner Service – email <a href="mailto:planning@camden.gov.uk">planning@camden.gov.uk</a> Contact Camden - 020 7974 4444

### Resources

Camden Local Plan 2017	<a href="http://www.camden.gov.uk/localplan">www.camden.gov.uk/localplan</a>
The London Plan March 2016	<a href="https://www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan">https://www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan</a>
Affordable Housing and Viability Supplementary Planning Guidance, Mayor of London, August 2017	<a href="https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/supplementary-planning-guidance">https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/supplementary-planning-guidance</a>
Housing Supplementary Planning Guidance, Mayor of London, March 2016	<a href="https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/supplementary-planning-guidance">https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/supplementary-planning-guidance</a>
National Planning Policy Framework (NPPF), CLG 2012	<a href="https://www.gov.uk/government/publications/national-planning-policy-framework--2">https://www.gov.uk/government/publications/national-planning-policy-framework--2</a> (March 2012)
National Planning Practice Guidance, CLG 2013 and subsequent	<a href="https://www.gov.uk/government/collections/planning-practice-guidance">https://www.gov.uk/government/collections/planning-practice-guidance</a>

## 4 Residential development standards

*This section replaces Sections 4 and 5 of the Housing CPG 2016.*

### KEY MESSAGES

- Proposals for a new home must seek to comply with the principles set below. Satisfactory housing conditions are a key element to quality of life. As well as shelter, a home must provide a place of rest, relaxation, safety, privacy and space.
- New homes in Camden must comprise a range of affordable and suitably sized properties in a range of tenures to help to address overcrowding in Camden's existing housing stock.
- Proposals comprising more than 5 new homes will be required to provide 10% of the homes for wheelchair users in line with planning policy.

### Introduction

- IH4.1 This section of the CPG relates to the Local Plan chapter on housing, in particular, policies H1, H6 and H7 which seek to create self-contained homes.
- IH4.2 As such, this section should be applied to all planning applications relating to the creation of a new dwelling, i.e. self-contained houses and flats which fall within the Use Classes Order C3/C4 (single family dwellings/ small house of multiple occupation).
- IH4.3 The 'Key Documents' listed below will provide the policy context for creating new homes in Camden. Without repeating information set out in the key documents, the applicant is expected to cross-reference Camden's policies and CPGs with those of the latest publication of regional and national planning policy. Proposals shall be assessed against the relevant considerations set out in these documents.

### Key documents

- DCLG Technical Housing Standards - [Nationally Described Space Standard](#): From the outset of creating a new home the applicant's proposal will need to have addressed the requirements for space standards. Please note that these parameters are minimum requirements and developers are encouraged to exceed these, see [London Plan paragraph 3.36](#).
- [Building Regulations Part M, Volume 1](#): This piece of legislation applies to all new build homes. It sets out standards for 'Access to and use of buildings'. Part M is broken down into 3 categories that are listed below. Regulation M4(1) is mandatory for all new dwellings unless one of the optional requirements, M4(2) or M4(3), applies. Section 4.3 of this CPG provides more detail about the optional requirements and provision of homes specifically for wheelchair users.
  - M4(1): Visitable dwellings
  - M4(2): Accessible and adaptable dwellings – *homes suitable for a wide range of occupants with differing needs including some older people and*

*disabled people, and allowing for adaptation to meet the changing needs of occupants over time*

- M4(3): Wheelchair user dwellings – *includes sub-category (2a) wheelchair adaptable dwellings and sub-category (2b) wheelchair accessible dwellings*
- [Mayor of London's Housing SPG](#): This document, particularly Part 2: Quality and Part 2.3 Dwellings, sets out many of the internal considerations for creating good living spaces.
- [London Plan 2016](#)
- [Camden Local Plan 2017](#) - Chapter 3 'Meeting Housing Needs'
- [Other Camden Planning Guidance](#) (CPG) relevant to the applicant's proposal

### General principles for new homes

- IH4.4 To create self-contained homes that achieve the key aims of this CPG and the policy considerations of national and regional guidance and Camden's Local Plan, the following principles are intended to guide applicants when designing a new home(s).
- IH4.5 The general principles are applicable to all types of self-contained houses and flats including those created through new building, conversions and changes of use. In cases involving residential conversions of listed buildings a sensitive and imaginative approach to satisfying these principles may need to be taken.
- IH4.6 For new build proposals, optional requirements in Building Regulations Part M will apply, and the applicant should also refer to the sub-section '**Wheelchair and accessible and adaptable homes**' and Fig. IH11 below which sets out specific further details that the council will expect the applicant to include as part of a planning application.

### Size

- **Space standards** – Minimum nationally described space standard must be achieved for room sizes as well as the whole home. Any increase in the size is welcome [[Nationally Described Space Standard](#) point 10; [London Housing SPG](#) standard 24].
- **Plans** – Gross Internal Area (GIA) in square metres (sqm) must be annotated on the submitted plans. Rooms shown on plan must realistically illustrate furniture inside them and be of a size that enables the room to function for the purpose for which it is intended [[London Housing SPG](#) standard 25].
- **Wheelchair user dwellings** – This type of home requires larger rooms with spaces for manoeuvrability with furniture to provide Category 3 homes that comply with Part M(3) of the Building Regulations. [See Section 4.3 with Box 1 below and [Building Regulations Part M4\(3\)](#) - with appendix D].

### Layout

In general, the internal layout should seek to ensure the main living room and other frequently used rooms are on the south side and rooms that require less

sunlight (bathrooms, utility rooms) are on the north side. Kitchens are better positioned on the north side to avoid excessive heat gain.

Additionally, it is preferable that permanent partitions are present between eating and sleeping areas; and between kitchens and living rooms. Combined kitchens and living areas can be acceptable where sufficient floor area allows a greater range of activity.

- **Dual aspect** – Proposals should achieve good dual aspect [[London Housing SPG](#) Standard 29]. Habitable rooms should also have suitable outlook.
- **Natural light, Daylight/sunlight** - All the habitable rooms must have direct natural light, particularly the main living room. The applicant must ensure that the levels of daylight and sunlight that enter habitable rooms comply with BRE standards and that the report for 'Daylight and Sunlight' is submitted with the proposal [[London Housing SPG](#) Standard 32; [CPG for Sunlight and daylight](#)].
- **Privacy** – The habitable rooms of a home should provide adequate levels of privacy for the new occupier. This is set out in the [CPG for Overlooking and Privacy and the CPG for Amenity](#). The applicant must ensure all the habitable rooms have a suitable outlook and have suitable privacy. [[Local Plan](#) Policy A1; [London Housing SPG](#) standard 28].
- **Circulation space** – Rooms must be laid out around and accessed via sensible circulation spaces to ensure there is no excessive corridor length or wasted space.
- **Ceiling heights** - A minimum 2.3m headroom for at least 75% of the floor area is required as set out in the [Nationally Described Space Standard](#) technical requirements 10(i). Nonetheless, the applicant is strongly encouraged to provide a new home with a ceiling height of 2.5m for at least 75% of its gross internal area (GIA) as set out in the [London Housing SPG](#) standard 31. A higher ceiling will aid natural ventilation of a home particularly in Central London where there is a heat island effect; and will additionally raise the quality of the new home in terms of light and a sense of space.
  - Flexibility will be applied where an existing property is to be subdivided to form new self-contained homes, but as a minimum, a headroom of 2.3 metres will be required for any new home created through a conversion, across at least 75% of the GIA as set out in the [Nationally Described Space Standard](#) technical requirements 10(i).
  - It is also important to note headroom for storage areas and their inclusion in calculating the GIA of a new home [[Nationally Described Space Standard](#) technical requirements 10(f) and 10(g)].
  - Please refer to [CPG for Amenity and CPG for Basements and lightwells](#) for details about natural light and outlook to basement flats.
- **Accessible and adaptable dwellings, and wheelchair user dwellings** M4(2) or M4(3) – These proposed homes shall meet Building Regulations part M4(2) or M4(3)(2)(a) or (b) and [London Housing SPG](#) standard 11 and [Local Plan](#) Policy H6. A specific Planning Condition shall be added to the decision notice that will specify which unit(s) on the approved plans are for M4(2), M4(3)(2)(a) and M4(3)(2)(b) [see the sub-section 'Wheelchair and accessible and adaptable homes' and Fig. IH11 below].
- **Storage** – Adequate storage space should be provided in accordance with Table 1 in the [Nationally Described Space Standard](#). Provision of a utility room for a washing machine and drying area is particularly welcome for

family homes. Space must also be provided for storing separated and sorted waste for recycling [[CPG for Design](#); [Local Plan](#) Policy CC5; [London Housing SPG](#) standards 22 & 23].

- **Stacking** – ‘Like’ rooms must be placed above one another i.e. living rooms above living rooms, bedrooms above bedrooms to reduce the problem of noise disturbance between adjoining properties. This is particularly important for new homes created by subdivision of an existing dwelling.
- **Demountable partitions** – Where possible, these should be inserted to enable adaptation with the changing circumstances of residents. [[London Housing SPG](#) paragraph 2.3.28]. NB: where grab rails are required for the needs of disabled or elderly occupants, this type of wall will not be suitable.
- **Climate change mitigation** – The applicant must consider the overheating and ventilation of rooms. This includes the prevention of the need for mechanical cooling [[London Housing SPG](#) standards 34, 35 & 36; [CPG for Sustainability](#)].
- **Basements** – This space must meet the design and size considerations set out in the [CPG for Basements](#) which supports [Local Plan](#) Policy A5.

### Amenity

- **Amenity of neighbours** – The proposal should not have a significant detrimental impact to neighbouring amenity in terms of neighbouring outlook, privacy, sunlight, daylight, noise or vibration. Additionally, the proposal should not result in any overlooking into neighbouring habitable rooms. [[Local Plan](#) Policy A1; [CPG for Design](#) and [CPG for Overlooking and Privacy](#)].
- **Outdoor space** – All new homes should have access to some form of private outdoor amenity space, e.g. balconies, roof terraces or communal gardens. Existing gardens and green space should be retained. New homes should meet the open space standard of 9sqm per resident or 0.74sqm per worker in a mixed use development [[Local Plan](#) Policies A1, A2 & A3; [CPG for Open Space](#)] [[London Housing SPG](#) standards 26 & 27].

### Parking

- **Cars** – The new home must comply with Camden's Car-free policy. The Council will limit the availability of parking and require all new developments to be car-free [[Local Plan](#) Policy T2]
- **Disabled parking** – Proposals requiring disabled parking must incorporate Blue Badge parking spaces into the scheme [[CPG for Transport](#); [Local Plan](#) Policy T2].
- **Cycle** – A suitable number of secure covered cycle spaces or storage space for them must be provided [[London Housing SPG](#) standards 20 & 21; [Local Plan](#) Policy T1; [CPG for Transport](#); [London Plan table 6.3](#)].

### Wheelchair and accessible and adaptable homes

IH4.7 In accordance with [London Housing SPG](#) standard 11 and [Local Plan](#) Policy H6, new build homes will be required to comply optional requirements under [Building Regulations Volume 1, Part M](#), as follows:

- 90% of new build homes will be required to comply with the requirements of category M4(2) for accessible and adaptable

dwellings – these are homes that are suitable for occupants with differing needs, including some older people and disabled people, and allow for adaptation to meet the changing needs of occupants over time; and

- 10% of new build homes will be required to comply with the requirements of category M4(3) wheelchair user dwellings – these are homes that meet the needs of occupants who use wheelchairs, or allow for simple adaptation to meet their needs.

- IH4.8 Paragraph 3.153 of the [Local Plan](#) states that “the Council will round the number of homes required in each category to the nearest whole number such that the total requirement for M4(2) and M4(3) dwellings adds up to 100%. The Council will not require M4(3) wheelchair user dwellings as part of developments that provide five additional dwellings or fewer”. Consequently, proposals comprising 5 or less additional new build homes should provide M4(2) compliant homes, but will not be required to provide M4(3) compliant homes.
- IH4.9 When designing a home for a wheelchair user, the applicant is advised to take note of the general principles for M4(3) homes set out in Fig. IH11 below. These particular details are considered important for submission of a planning application.
- IH4.10 Where the applicant has proposed a wheelchair user home and/or a number of homes as part of a new build development the submitted plans must be annotated to clearly show which homes are designated as either M4(2) or M4(3)(2)(a) and/or M4(3)(2)(b). This will allow the Council to secure these homes by a Planning Condition to the approved plans.

**The standard planning condition for homes designated as M4(2) accessible and adaptable dwellings will be:**

Units X – X, as indicated on plan number/s hereby approved shall be designed and constructed in accordance with Building Regulations Part M4(2), evidence demonstrating compliance should be submitted to and approved by the Local Planning Authority prior to occupation.

**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 H6 of the Camden Local Plan 2017.

**Note:** Conditions should include a requirement to submit evidence demonstrating compliance as it is the responsibility of the person carrying out the development to let the Building Control body know about any conditions setting an optional requirement under the Building Regulations.

**The standard planning condition for homes designated as M4(3)(2)(a) wheelchair adaptable dwellings and/or M4(3)(2)(b) wheelchair accessible dwellings will be:**

Units X – X, as indicated on the plan number/s hereby approved shall be designed and constructed in accordance with Building Regulations Part M4(3)(2)(a) or M4(3)(2)(b)\* Evidence demonstrating compliance should be submitted to and approved by the Local Planning Authority prior to occupation.



\*SPECIFY WHETHER WHEELCHAIR ADAPTABLE (2)(a) OR WHEELCHAIR ACCESSIBLE (2)(b).

**Reason:** To ensure that the wheelchair units would be capable of providing adequate amenity in accordance with Policy H6 of the Camden Local Plan 2017.

**Note:** Conditions should include a requirement to submit evidence demonstrating compliance as it is the responsibility of the person carrying out the development to let the Building Control body know about any conditions setting an optional requirement under the Building Regulations.

**Fig. IH11. General Principles for wheelchair user dwellings, M4(3)**

- [Wheelchair adaptable dwellings M4\(3\)\(2\)\(a\)](#) – In accordance with the key documents listed in paragraph IH4.3, in particular the Building Regulations, applicants are advised that:
  - Submitted plans should demonstrate how easy it will be to alter a home in order to meet the future spatial and functional provisions of a wheelchair user.
  - Specific habitable rooms should be proposed with extra internal space that will allow for wheelchair manoeuvrability and a lifting platform where necessary.
  - It is preferable that future adaptation would not involve the loss of an existing room eg by requiring a wall to be knocked down to provide extra space. The loss of a room in the future may affect the suitability of the dwelling for its existing occupiers, particularly if it involves the loss of a bedroom.
- [Wheelchair accessible dwellings M4\(3\)\(2\)\(b\)](#) - In accordance with the key documents listed below paragraph IH4.3, in particular the Building Regulations, applicants are advised that:
  - Submitted plans should demonstrate that all internal and external accesses are level with adequate widths and circulation areas as set out in M4(3) to internal doorways, storage spaces and attached outdoor spaces.
  - All rooms must be step-free.
  - *Kitchen* – submitted drawings should be at a scale of 1:20, illustrating position of furniture.
  - *Bedrooms* – at least one bedroom to be close to an accessible bathroom that has wheelchair manoeuvring space.
  - *Bathroom* – ensure that correct bathroom/ cloakroom provision has been provided for the size of unit.
  - *Built in storage* – is applicable per bedroom within the home.
  - *Car parking* – will be discussed having regard to [Local Plan](#) Policy T2 Parking and car-free development.
  - *Cycle parking* – the Council encourages space provision for a non-traditional/ adaptable bike.