
Affordable Housing Statement

Branch Hill House, Branch Hill, Hampstead,
London NW3 7LS

Contents

1.	Introduction	2
2.	The Application Site	3
3.	Policy Context	4
4.	Viability Assessment	8
5.	Analysis on On-Site Affordable Housing Provision	9
6.	Summary	11

1. Introduction

This Affordable Housing Statement (the Statement) has been prepared by Savills (UK) Ltd on behalf of Almax Group to support a full planning application for the redevelopment of Branch Hill House.

The Statement should be read in conjunction with a number of other application documents including, but not limited to, the Planning Statement, Design and Access Statement, Viability Assessment and other technical documents submitted with the planning application.

Sections 2 to 6 of this report cover the context for Affordable Housing delivery in relation to the Proposed Development, as follows:

- Section 2: The Application Site;
- Section 3: Policy Context
- Section 4: The Viability Assessment Results
- Section 5: Analysis of On-Site Affordable Housing; and
- Section 6: Conclusions

2. The Application Site

The Subject is located on Branch Hill in the district of Hampstead within the London Borough of Camden. The site covers approximately 0.34 hectares and is partly surrounded by wooded areas. The site is bound by Heysham Lane to the north, Branch Hill to the east, some allotments to the south and the Grade II listed Spedan Close Estate to the west.

The Subject is located 0.3 miles to the north west of Hampstead London Underground Station, and 0.9 miles to the north west of Hampstead Heath National Rail Station. The Subject's location allows direct access to the west side of Hampstead Heath.

The immediate surrounding area comprises predominantly residential dwellings. The Grade II listed Branch Hill Estate built in the 1970's is located to the rear of the Subject.

The Subject site comprises a private access road through iron gates on Spedan Close. The existing building is an early Edwardian property with extensions dated around the late 1960's. The Subject extends over four floors including a mansard roof and basement. The extensions are built over two storeys under a flat roof. The building is currently not in use, but was most recently used as a residential care home (C2 use). The existing building extends to 1,823sqm (19,625sqft) GIA.

Please refer to the planning statement for a full description.

3. Policy Context

Overview

This section provides an overview of key planning policies associated at national, regional and local level including an overview of the planning background relating to the Application. Additional reference should be made to the National Planning Policy Framework ('NPPF'), the Planning Practice Guidance ('PPG'), the London Plan, the Mayor's Housing SPG, LBC's local policies as well as the emerging draft New London Plan.

Local Policy

Locally, we have had regard for the following LBC policies and guidance:

- Camden Local Plan (July 2017)
- Interim Housing CPG (March 2019) ('IHCPG')
- Camden Planning Guidance Housing (May 2016, as amended March 2019), (CPG2)

At the local level, the Camden Local Plan (July 2017) sets out the strategic policies for the borough. It replaces the former Core Strategy and Development Policies Document as the basis for planning decisions and future development in the borough.

Policy H1 (Maximising Housing Supply), of Camden's Local Plan (July 2017), sets out the Council's overall borough-wide strategic target to meet or exceed a total of 16,800 additional homes from 2016/17-2030/31, including 11,130 additional self-contained homes. Within this, the policy indicates that where sites are underused or vacant, the council will expect the maximum reasonable provision of housing that is compatible with other uses on the site.

Policy H2 (Maximising the supply of self-contained housing from mixed-use schemes), supports the policy aims of Policy H1. Where housing is required as part of a mix of uses, if 1,000 sqm (GIA) of additional floor space or more is proposed, self-contained housing is required to be provided on site.

Policy H4 (Maximising the supply of affordable housing), sets out the council's objective to achieve a contribution to affordable housing from all developments that provide one or more additional home and include a total addition to residential floor space of 100 sqm GIA or more. In these instances, the Council will seek to negotiate the maximum reasonable amount of affordable housing.

We note that the policy allows that *where affordable housing cannot practically be provided on site, or off site provision would create a better contribution (in terms of quantity or quality), the Council may accept provision of affordable housing off site in the same area, or exceptionally a payment in lieu.*

We know that the requirements for affordable housing are subject to assessment on a site by site basis.

We note that Camden have a comprehensive policy regarding the required rental levels and subsequent affordability and income thresholds that would be required to afford these.

The requirements are set out further in the IHCPG (2019) and specify that all providers should adopt an approach to intermediate rent with a range of rent levels from 40% to 80% of market rent to secure scheme viability, whilst ensuring that a majority of provision is affordable to households with incomes between £30,000 and £40,000 (as adjusted by wage inflation) (Par IH2.17).

Weekly rental levels, inclusive of service charges, would be calculated in line with GLA requirement that:

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

The affordability of the Intermediate units has been set in line with the Camden HIS, the IHCPG and the wider GLA affordability criteria. The units will be accessible to households earning £30,000 up to £40,000 per annum, assuming that they do not spend more than 40% of their net income on housing costs

National- NPPF

The National Planning Policy Framework (NPPF) (2018) sets out the Government's planning policies for England and how these are expected to be applied. It provides a framework within which locally-prepared plans for housing and other development can be produced. The NPPF places greater importance in achieving high quality design and undertaking engagement with local communities and it also provides a clearer framework in which to demonstrate doing so. At the same time, there is greater potential to increase the density and value of development in suitable, central locations. The NPPF imposes an incentive to process housing applications as quickly as possible and to work with developers in an attempt to speed up implementation and delivery, with implications for underperformance.

One of the key objectives is delivering sustainable development. It also highlights that the planning system should be plan-led with 'succinct and up-to-date plans' which 'should provide a positive vision for the future of each area' (Para. 15). Within this framework it is outlined that plans 'should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required' (Para. 34). It goes on to state that 'where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless: a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and b) the agreed approach contributes to the objective of creating mixed and balanced communities.' (Para. 62)

Viability PPG

The revised Viability Planning Practice Guidance was updated in line with the National Planning Policy Framework in July 2018 and subsequently updated in May 2019. The PPG emphasises the need for realistic affordable housing targets to be set at the plan making stage but recognises that there may be circumstances where a site specific viability assessments are required. It is up to the applicant to demonstrate this requirement and refer back to the viability assessment that informed the plan. The weight to be given to a viability assessment is a matter for the decision maker.

The PPG goes on to set out the standardised inputs required for a viability assessment including the approach to land value, which it is stated should be established as EUV plus a premium for the land owner. Establishing the benchmark land value should be an iterative and collaborative process between stakeholders. This includes arriving at a suitable level of premium. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

Alternative uses may be informative but should be limited to uses which would fully comply with up to date development plan policies. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV. If an AUV is being considered, the PPG states that the premium to the land owner is included and must not be double counted.

The PPG also indicates that where local planning authorities are requiring affordable housing obligations or tariff style contributions to infrastructure: “..they should be flexible in their requirements. Their policy should be clear that such planning obligations will take into account specific site circumstances”. (Paragraph: 006 Reference ID: 23b-006-20140306)

Regional- The London Plan and draft New London Plan

The London Plan is a regional spatial strategy for Greater London and covers the 32 Boroughs and the City of London. The current London Plan requires affordable housing to be maximised and requires affordable housing to be split 60%: 40% between social/affordable rent and intermediate tenure housing. The draft New London Plan which is due to be adopted in Spring 2020 and is currently a material consideration in planning decisions, includes a strategic target for 50% of all new homes delivered across London to be affordable. Specific measures to achieve this aim include:

- Requiring residential and mixed-use developments to provide affordable housing through the threshold approach (Policy H6 Threshold approach to applications)
- Using grant to increase affordable housing delivery beyond the level that would otherwise be provided

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

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

The Draft London Plan with suggested minor changes sets out the emerging policy in relation to the required tenure split under Policy H7. This includes the following:

- Minimum of 30 per cent low cost rented homes, as either London Affordable Rent or Social Rent, allocated according to need and for Londoners on low incomes;
- A minimum of 30 per cent intermediate products which meet the definition of genuinely affordable housing, including London Living Rent and London Shared Ownership;
- The remaining 40 per cent to be determined by the borough as low cost rented homes or intermediate products based on identified need.

The emerging policy also sets out the annual household income requirements and affordability levels. For dwellings to be considered affordable, annual housing costs, including mortgage (assuming reasonable interest rates and deposit requirements), rent and service charge, should be no greater than 40 per cent of new household income.

Homes for Londoners - Affordable Housing and Viability Supplementary Planning Guidance 2017

The Mayoral Affordable Housing and Viability SPG was released in late 2017 and sets out the Mayor's approach to viability in the capital. Much of this will become policy with the adoption of the New London Plan.

The key theme from the SPG is the GLA's flexibility with regards to tenure mix on new developments. Point 2.40 of the document refers to the following flexibility allowed in regards to tenure mix is applied to the scheme, reflecting a mix of tenures including London Living Rent

4. Viability Assessment

A Viability Assessment has been prepared by Savills to analyse development economics of the proposed scheme.

The Viability Assessment has been undertaken with reference to all the appropriate guidance/ policy including:

- National Planning Policy Framework (updated February 2019);
- Planning Practise Guidance (PPG) – Viability (updated September 2019);
- RICS Financial Viability in Planning 1st Edition (July 2012); and
- RICS Financial Viability in Planning: Conduct and Reporting 1st Edition (May 2019).

The Assessment was carried out with regard to the Professional and Ethical Standards (PS2) set out within the RICS Valuation – Global Standards 2017 (the Red Book), issued June 2017 and effective from July 2017.

The Assessment concludes that the scheme cannot at the current day provide affordable housing. However, the Applicant recognises the planning policy requirements in the borough and wishes to contribute to the affordable housing provision. On that basis the Applicant has provided an offer of up to 7 affordable homes on site.

We note that the building is constrained in layout and unit mix, and as such have undertaken analysis as to the most appropriate affordable housing tenure given the limitations including:

- Likely service charge;
- Number of homes overall based on commentary from Registered Providers;

We have provided some analysis as to the challenges associated with on-site affordable housing delivery in the following section.

We conclude that, whilst there are challenges to affordable housing being provided on site at all, the most feasible tenure appears to be Intermediate housing.

Because of the apparent challenges to the delivery of affordable housing, the Applicant wishes to engage further with the Council in order to determine the preferred form of affordable housing delivery. This would include consideration of off-site affordable provision if an alternate (and more desirable in the context of the Council's Affordable Housing Policy) affordable housing provision could be provided off site or ultimately a payment in lieu if other options are not acceptable.

5. Analysis on On-Site Affordable Housing Provision

Overview

This section sets out our analysis of the limitations to on-site affordable housing delivery. We have considered:

- Impact of likely service charges
- Number of homes – based on feedback from Registered Providers;

Impact of Service Charges

The proposed scheme includes a 24 hour concierge and landscape management. As there is a relatively small number of units this creates a high service charge.

Any homes sharing the same access or facilities would be obliged to pay the same level of service charge, which is most commonly apportioned based on the area of any properties within the development

We have considered comparable schemes, and sought advice from Savills Service Charge Team, as well as having drawn on the Applicants' experience elsewhere in the borough. Based on this we would anticipate a service charge of between £10-15/sqft. Clearly if all units were larger units the £/sqft would decrease.

We have then identified the equivalent cost of service charges based on the 7 affordable homes identified, at the different rent levels that might be appropriate, based on London Affordable Rent and London Living Rent in the table below.

Beds	Service Charge Cost / week (£0-15/sqft range)	London Living Rent / week	Difference (residual rent)	London Affordable Rent / week	Difference (residual rent)
1b1p	£90 to £135	£276	£141 to £186	£155.13	£20.13 to £55.13
1b2p	£115 to £172.5	£276	£103.50 to £161	£155.13	-£17.37 to £40.13
2b4p	£158 to £237	£307	£70- to £149	£164.24	-£72.76 to £6.24

We note that the above residual rents shown above exclude any internal management costs Registered Providers would have (for example staff time, cyclical or planned repairs) and, as stated above, relate to a cost at current day and so would increase over time.

As such it is clear that 2 bedroom London Affordable Rents are unlikely to be desirable for Registered Providers. We note that, generally, 1bedroom 1 person homes are not preferred for London Affordable Rent.

The above suggests that an Intermediate tenure such as London Living Rent would be practical.

Comments from Registered Providers

We are aware that a number of providers have concerns about the management efficiency of taking on a small number of homes

With this in mind, and taking into account the constraints of the service charge in this location, we approached Registered Providers of seven Intermediate Rent homes offered; of those that commented we have set out responses below.

- **A2Dominion** – generally not pursuing Section 106 opportunities and the minimum number of homes required is significantly higher
- **Innisfree Housing Association**
Expressed concern regarding service charges and as such would not be likely to take on the homes
- **Newlon Housing Trust**
7 units is too few to take forward as it is not efficient management
- **Origin Housing**
Prefer the affordable to be in its own core to ensure that service charges can be made to be affordable.

6. Summary

A Viability Assessment has been provided which concludes that, at current day, the scheme does not technically have any capacity to provide affordable housing.

We note that the building is constrained in layout and unit mix, and as such have undertaken analysis as to the most appropriate affordable housing tenure given the limitations including:

- Likely service charge;
- Number of homes overall based on commentary from Registered Providers;

We conclude that, whilst there are challenges to affordable housing being provided on site at all, the most feasible tenure appears to be Intermediate housing.

Given the constraints identified, we have sought commentary for a number of affordable providers. To date we have not identified a Registered Provider willing to take on the proposed homes.

Because of the apparent challenges to the delivery of affordable housing, the Applicant wishes to engage further with the Council in order to determine the preferred form of affordable housing delivery. This would include consideration of off-site affordable provision if an alternate (and more desirable in the context of the Council's Affordable Housing Policy) affordable housing provision could be provided off site or ultimately a payment in lieu if other options are not acceptable.

Appendix 1 Proposed Floor Plans and Schedule of Accommodation

SCH-03 H

Branch Hill House Accomodation Area Schedule Rev.H

11/12/2019

ACCOMODATION	NO. OF BEDROOMS AND OCCUPANCY	TYPE	PROPOSED NSA	
			[sqm]	[sqft]
Ground Floor				
Flat 1	2 Bed 4 Persons	Private	178.4	1920
Flat 2	3 Bed 6 Persons	Private	221.0	2379
Flat 3	2 Bed 4 Persons	Private	137.6	1481
Flat 4	2 Bed 3 Persons	Intermediate	89.5	963
Flat 5	3 Bed 6 Persons	Private	179.8	1935
Flat 8	3 Bed 6 Persons	Private	218.5	2352
Unit 6 (Triplex)	3 Bed 6 Persons	Private	263.3	2834
Gate House	3 Bed 5 Persons	Private	167.0	1798
First Floor				
Flat 7	3 Bed 6 Persons	Private	249.2	2682
Flat 9	2 Bed 3 Persons	Private	73.9	795
Flat 10	1 Bed 2 Persons	Private	53.9	580
Flat 11	1 Bed 2 Persons	Intermediate	50.0	538
Flat 12	1 Bed 2 Persons	Intermediate	52.8	568
Flat 14	3 Bed 6 Persons	Private	152.8	1645
Flat 15	3 Bed 6 Persons	Private	168.3	1812
Second Floor				
Flat 16	2 Bed 3 Persons	Private	73.9	795
Flat 17	1 Bed 2 Persons	Private	53.9	580
Flat 18	1 Bed 2 Persons	Intermediate	52.4	564
Flat 19	1 Bed 2 Persons	Intermediate	52.6	566
Flat 20	3 Bed 6 Persons	Private	156.9	1689
Flat 21	3 Bed 6 Persons	Private	168.0	1808
Flat 22	2 Bed 4 Persons	Private	97.6	1051
Third Floor				
Flat 23	3 Bed 6 Persons	Private	267.9	2884
Flat 25	2 Bed 4 Persons	Private	115.5	1243
Flat 26	1 Bed 2 Persons	Intermediate	51.0	549
Flat 27	1 Bed 2 Persons	Intermediate	52.6	566
Flat 28	2 Bed 4 Persons	Private	128.2	1380
Flat 29	3 Bed 6 Persons	Private	151.0	1625
Flat 30	2 Bed 4 Persons	Private	92.5	996
Fourth Floor				
Flat 24	3 Bed 6 Persons	Private	227	2443
Flat 31	3 Bed 6 Persons	Private	189.8	2043
Flat 32	2 Bed 4 Persons	Private	118.6	1277
Flat 33	1 Bed 2 Persons	Private	54.3	584
Flat 34	1 Bed 2 Persons	Private	53.9	580

TOTAL NSA	4413.5	47507
------------------	---------------	--------------

INTERMEDIATE FLATS AREA	400.9	4315
--------------------------------	--------------	-------------

% NSA INTERMEDIATE FLATS	9.1
---------------------------------	------------

CONTRACT AND STANDARD SPECIFICATIONS
 THE DRAWINGS ARE FOR INFORMATION ONLY.
 NO WARRANTY IS MADE FOR THE ACCURACY OF THE
 INFORMATION OR FOR THE RESULTS OF ANY
 CONSTRUCTION WORK THEREON. THE ARCHITECT
 SHALL NOT BE RESPONSIBLE FOR THE DESIGN OF
 ANY WORK NOT SHOWN ON THESE DRAWINGS.

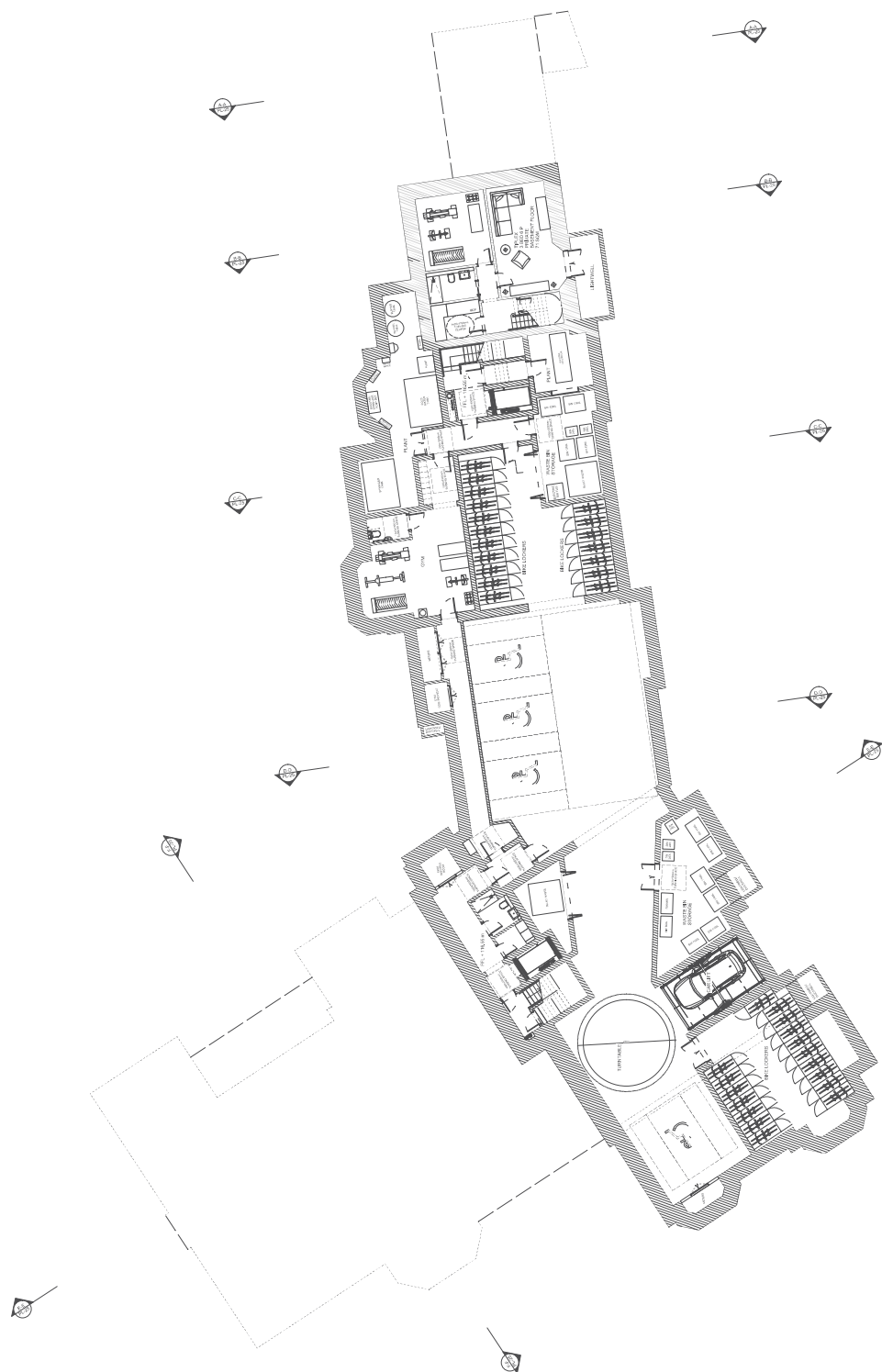
REV.	DATE	DESCRIPTION

BRANCH HILL HOUSE
 LONDON

PROPOSED BASEMENT PLAN

DRAWN BY	SCALE	DATE

Shoemaker Group Architecture
 6 ST JAMES'S SQUARE
 LONDON SW1A 2DQ, ENGLAND
 TEL: +44 (0)20 7493 8900
 WWW.SHOAEMAKERGROUP.COM



CONTRACT AND STANARDS ARE DESCRIBED IN THE DRAWING FOR THE PROJECT. THE DRAWING IS FOR INFORMATION AND DOES NOT REPRESENT A CONTRACT. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL AUTHORITIES. THE DRAWING IS FOR INFORMATION AND DOES NOT REPRESENT A CONTRACT. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL AUTHORITIES.

REV.	DATE	DESCRIPTION

BRANCH HILL HOUSE
LONDON

PROPOSED GROUND FLOOR PLAN

DESIGNER	SCALE	DATE
SHARPE & PARTNERS	1:500	DEC 2019
PROJECT NO.	PROJECT NAME	PROJECT ADDRESS
12345678	BRANCH HILL HOUSE	1234567890

SHARPE & PARTNERS
ARCHITECTS

5 ST JAMES'S SQUARE
LONDON SW1A 2ND
TEL: 020 7447 0000
WWW.SHARPEANDPARTNERS.COM



CONTRACT AND STANARDS ARE DESCRIBED IN THE DRAWINGS FOR EACH SECTION. THE DRAWINGS ARE FOR INFORMATION PURPOSES ONLY AND DO NOT REPRESENT A CONTRACT. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL AUTHORITIES. THE DRAWINGS SHALL BE CALLED FOR THE PURPOSES OF OBTAINING PERMITS AND APPROVALS FROM THE LOCAL AUTHORITIES.

REV.	DATE	DESCRIPTION

BRANCH HILL HOUSE
LONDON

PROPOSED FIRST FLOOR PLAN

DRAWN BY	SCALE	DATE



5 ST JAMES'S SQUARE
LONDON SW1A 2DQ
TEL: 020 7447 0000
WWW.SHALIKAGATEARCHITECTURE.COM



CONTRACT AND STANARDS ARE DESCRIBED IN THE DRAWINGS FOR EACH SECTION. INFORMATION IN PROVISIONS AND NOTES NOT SHOWN ON THIS DRAWING IS TO BE OBTAINED FROM THE CONTRACT AND STANARDS. DRAWINGS HAVE BEEN CHECKED FOR THE PURPOSES OF CONTRACT ADMINISTRATION AND NOT FOR CONSTRUCTION. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED TO THE CONTRACTOR.

REV.	DATE	DESCRIPTION

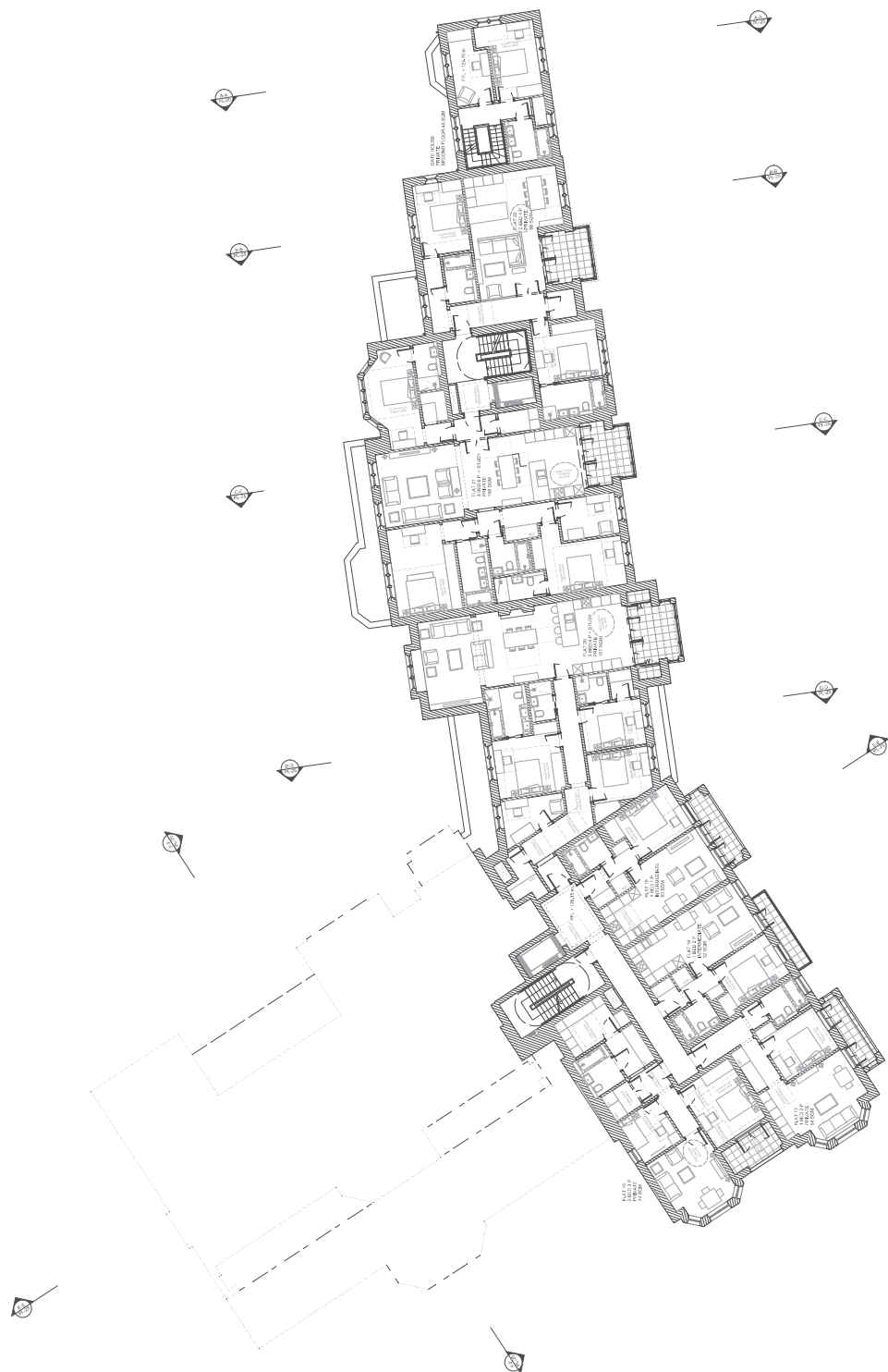
BRANCH HILL HOUSE
LONDON

PROPOSED SECOND FLOOR PLAN

DRAWN BY	SCALE	DATE



6 ST JAMES'S SQUARE
LONDON SW1A 2DQ
TEL: 020 7447 8999
WWW.SHALIKAGROUP.COM



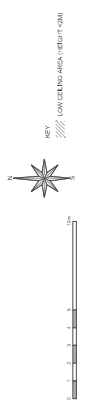
CONTRACT AND STANARDS ARE DESCRIBED IN THE DRAWINGS FOR EACH SECTION. INFORMATION PROVIDED IN A SECTION NOT DRAWN TO SCALE IS TO BE USED AS A GUIDE ONLY. DIMENSIONS SHALL BE CALLED FOR THE PURPOSES OF CONSTRUCTION. DIMENSIONS SHALL BE CALLED FOR THE PURPOSES OF CONSTRUCTION.

REV.	DATE	DESCRIPTION

BRANCH HILL HOUSE
LONDON

PROPOSED THROUGH FLOOR PLAN

DRAWN BY	SCALE	DATE



CONTRACT AND STANDARD SPECIFICATIONS
 THE DRAWING IS FOR INFORMATION ONLY.
 IT IS NOT TO BE USED FOR CONSTRUCTION OR FOR ANY OTHER
 PURPOSES WITHOUT THE WRITTEN PERMISSION OF SHARPE
 ARCHITECTS. ANY CHANGES TO THE DRAWING MUST BE
 APPROVED BY THE ARCHITECT. THE ARCHITECT'S
 OFFICE IS NOT RESPONSIBLE FOR THE ACCURACY OF
 THE INFORMATION PROVIDED IN THIS DRAWING.

REV. DATE DESCRIPTION

BRANCH HILL HOUSE
 LONDON

PROPOSED FOURTH FLOOR PLAN

DRAWN BY: J. JONES
 CHECKED BY: S. SMITH
 DATE: DEC 2019



5 ST JAMES'S SQUARE
 LONDON SW1A 2ND
 TEL: 020 7447 0000
 WWW.SHARPEARCHITECTS.COM



CONTRACT DOCUMENTS AND SPECIFICATIONS
 THE DRAWINGS ARE FOR THE DESIGN OF THE
 PROPOSED ROOF STRUCTURE AND ARE NOT
 TO BE USED FOR ANY OTHER PURPOSE. THE
 DRAWINGS MAY BE CALLED FOR THE PURPOSES OF
 OBTAINING A BUILDING PERMIT TO BE OBTAINED
 ON THE SITE.

REV.	DATE	DESCRIPTION

BRANCH HILL HOUSE
 LONDON

PROPOSED ROOF PLAN

REVISION	DATE	DESCRIPTION
1	2023.12	ISSUE FOR PERMIT


 5 ST JAMES'S SQUARE
 LONDON SW1A 2ND
 TEL: 020 7447 0000 | EMAIL: info@shirleygate.co.uk
 WWW.SHIRLEYGATE.CO.UK

