

PLANNING SERVICES

**TOWN & COUNTRY PLANNING (DETERMINATION BY INSPECTORS)
(INQUIRIES PROCEDURE) (ENGLAND) RULES 2000**

PROOF OF EVIDENCE

Jonathon McClue BPlan (Hons)

**FOR PUBLIC INQUIRY COMMENCING ON
9th November 2021**

APPEAL SITE

100 Avenue Road, London, NW3 3HF

APPELLANT

Essential Living (Swiss Cottage) Limited

SUBJECT OF APPEAL

Appeal against London Borough of Camden's decision to refuse Section 106A application (ref: 2021/0025/P) on 23rd of March 2021 for:

"Application in accordance with Section 106A, sub-sections (3) and (4), to amend clause 3.2 (and associated definitions) of S106 Agreement relating to 2014/1617/P dated 24/08/2015 (as amended by 2018/4239/P dated 04/08/2020 and 2019/1405/P dated 07/05/19) (for: redevelopment of site including a 24 storey and 7 storey building with a total of 184 residential units, 1,041sqm of retail/financial or professional services/café/restaurant and 1,350sqm of community use (summary)). The AMENDMENTS include REMOVING the requirement to provide 28 Affordable Rent units, 8 Intermediate Housing units and 18 Discounted Market Rent units (for a

minimum of 15 years post completion), to be REPLACED with 18 Discounted Market Rent units in perpetuity. Modification of various relevant definitions - Disposal Viability Assessment, Original Viability Assessment and Surplus - to refer to Gross Development Value figure identified in the Financial Viability Assessment report dated 09/12/2020.”

COUNCIL REFERENCE: 2021/0025/P

PLANNING INSPECTORATE REFERENCE: APP/X5210/Q/21/3276844

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INTRODUCTION

- i. I, Jonathon McClue, have prepared this proof of evidence for presentation at the Public Inquiry into the appeal. I hold a Bachelor of Planning with Honours from the University of Auckland in New Zealand.
- ii. I have over eleven years' experience working as a Development Management Planning Officer (including line management responsibilities), with over nine and half years taking place in the United Kingdom. I was formerly a Principal Planning Officer at the London Borough of Redbridge. Since September 2014 I have been working in Camden Council's Local Planning Authority and I was promoted to a Deputy Team Leader (previously I was a Principal Planning Officer) in October 2020. During my professional career as a planning officer, I have dealt with a wide range of planning applications including strategic, large major, major, minor and householder development proposals.
- iii. I am familiar with the appeal site. The evidence that I have provided for this appeal is accurate to the best of my ability and I confirm that any professional opinions expressed are my own.

STRUCTURE OF EVIDENCE

- iv. In my evidence, I provide a summary of the application which is the subject of the appeal and the process undertaken leading to the refusal. I identify and summarise the legislative and policy framework under which the Council's decisions were made. I deal with the Council's main reason for refusal before addressing the Appellant's grounds of appeal.
- v. My evidence will be divided into seven sections:

Section 1: (Site and Surroundings) I will describe the appeal site and surrounding area.

Section 2: (Planning History) I shall provide a summary of the planning history relating to the site.

Section 3: (Legislative and Planning Policy Framework) I shall identify applicable legislation as well as national, regional and local planning policies and guidance relevant to the reasons for refusal and the issues discussed in my proof.

Section 4: (The Application the Subject of this Appeal) I shall provide a summary of the planning application and the reasons for refusal.

Section 5: (Assessment of the Proposed Modification) I will assess how the appeal modification is unacceptable.

Section 6: (Comments on Appellant's Statement of Case) I will respond to any arguments made by the Appellant in their submitted documents to date.

Section 7: (Conclusions and Summary) I will summarise the arguments made in this proof of evidence.

Section 8: (List of Appendices)

vi. In addition to me, the Council will call one witness:

- Andrew Jones, Director of BPS Chartered Surveyors, who will provide evidence regarding viability matters.

1.0 SITE AND SURROUNDINGS

- 1.1 Please refer to section 2 (Site and Surroundings) of the Statement of Common Ground (SoCG) dated 25/08/2021 for a full description of the appeal site and the surrounding area.

2.0 PLANNING HISTORY

- 2.1 Please refer to section 3 (Relevant Planning History) of the SoCG dated 25/08/2021 for the full planning history.

3.0 LEGISLATIVE AND PLANNING POLICY FRAMEWORK

- 3.1 Copies of all the Council's Camden Local Plan 2017 policies that formed part of the original reasons for refusal were sent as part of the Questionnaire. Please refer to section 5 (Legislative and Planning Policy Framework) within the SoCG dated 25/08/2021 for the relevant legislation, policies and guidance that are applicable to the appeal. Further details on the Council's Draft Planning Statement on the Intermediate Housing Strategy and First Homes and updated information on the Council's completion of housing and affordable housing (i.e. an update on the Council's Annual Monitoring Report 2017/18) are provided below.

Draft Planning Statement on Intermediate Housing Strategy and First homes dated 15/10/2021

- 3.2 An 'Interim Policy Statement' on First Homes is anticipated to be considered by the Cabinet Member on 22nd October 2021. If approved, it is anticipated that it will be published for consultation for a 6-week period from 4th November. The draft statement sets out the following:

- It reaffirms the Council's existing affordable housing priorities of social-affordable rent/London Affordable Rent (60%) and intermediate rent (40%);
- Indicates that the Council will not seek the delivery of First Homes in Camden;

- Notes that First Homes in Camden would not meet the same housing needs, or offer the same level of public benefit, as homes for intermediate rent;
- Notes therefore that First Homes will not be afforded the same weight as homes for intermediate rent when balancing the benefit and harm arising from a development;
- Confirms that where First Homes are delivered, they should be in place of a proportion of intermediate housing;
- Sets 50% as the minimum discount required for First Homes in Camden.

3.3 The document is attached as Appendix 2. In summary it provides further updated justification that there is a genuine and growing need for affordable housing in the London Borough of Camden, and that this need is best addressed through the Council's primary affordable housing tenures: social-affordable rent/London Affordable Rent (60%) and intermediate rent. Information on the draft document can be found on the Council's website: <http://democracy.camden.gov.uk/mglIssueHistoryHome.aspx?lId=59170&Opt=0>.

Updated data on the Council's completion of housing and affordable housing

3.4 Attached at Appendix 3 is information on Camden Council Market and Affordable Housing Completions from 2015/2016. As noted in paragraphs 5.16 and 5.17 (below), Camden's Strategic Housing Market Assessment (SHMA) states there is a need for 10,200 affordable homes over 15 years and the Camden Local Plan has a target of 5,300 over the same period. This equates to 680 (i.e. the need) and 353 (i.e. the target) per year respectively. The table within Appendix 3 indicates that the Council delivered 1,110 affordable homes over the last 6 years, or 185 per year, which is only 27.2% of the need (indicated by the SHMA) and 52.4% of the target (set by the Local Plan). This updated monitoring information shows that Camden is falling well short of its affordable housing need and targets, in terms of the number of completions.

3.5 It is noted that the updated information shows a relatively low level of completions in all tenures in 2020/2021. This is not unique to Camden, and reflects the impact of the pandemic and possibly the departure from the

European Union (EU). The Minister for Housing, Rt Hon Christopher Pincher MP, issued a written ministerial statement on 6 September 2021, which included the following:

*‘Over the course of the 2020-21 measurement year, there were considerable variations in levels of housing delivery as local authorities and construction industry continued to face disruption on a national, regional and local level due to the pandemic. As a result, the Government aim to publish the 2021 Housing Delivery Test as intended later this year **but will apply a four-month adjustment to the housing requirement figures for 2020-21** in order to account for these fluctuations.’(Emphasis added)*

4.0 THE APPLICATION THE SUBJECT OF THIS APPEAL

4.1 Please refer to section 2 (The Proposal the Subject of this Appeal) of the Council's Rule 6 Statement of Case for further details of the appeal modification. In summary this appeal relates to an application in accordance with Section 106A of the Town and Country Planning Act 1990 (As Amended), sub-sections (3) and (4), to amend clause 3.2 (and associated definitions) of a s.106 Agreement relating to 2014/1617/P dated 18/02/2016 (as amended by 2018/4239/P dated 04/08/2020 and 2019/1405/P dated 07/05/19). The amendments sought by the appeal include removing the requirement to provide 28 Affordable Rent units, 8 Intermediate Housing units and 18 Discounted Market Rent units (for a minimum of 15 years post completion). The appeal proposal seeks to replace the above with 18 Discounted Market Rent units only (in perpetuity).

4.2 Section 3 of the SoCG dated 25/08/2021 includes the relevant planning history relating to the appeal site, and section 4 provides a detailed timeline of the history of the main consented development (2014/1617/P dated 18/02/2016).

5.0 ASSESSMENT OF THE PROPOSED MODIFICATION

5.1 The main issues in this appeal are:

- (i) Whether the s.106 obligation serves a useful purpose; and
- (ii) Whether the proposed modification would serve the same purpose equally well.

5.2 **Notwithstanding the above** being considered the main assessment of the appeal proposal, the Council has considered the following matters on a **without prejudice basis (a notwithstanding assessment):**

- (ii) Viability Considerations
- (iii) Planning Balance

5.3 My evidence deals primarily with the Council's consideration of whether the s.106 obligation serves a useful purpose and if the proposed modification would serve the same purpose equally well. In addition there is a notwithstanding assessment (on a without prejudice basis) of the planning balance of the merits of the proposed modification. Viability is covered in the proof of Andrew Jones, Director of BPS Chartered Surveyors. I have provided background evidence demonstrating that there is still a need for affordable housing in the Borough and that the proposed Discount Market Rent (DMR) is not a genuinely affordable tenure in the Borough.

Whether s.106 obligation serves a useful purpose and if the proposed modification would serve the same purpose equally well

5.4 As outlined in the Council's Statement of Case and Officer Report, the remit of what is considered under s.106A is limited to considering whether the modified s.106 obligation would serve 'the same purpose equally well'. The central question is whether the obligation serves a useful purpose. I believe that the original obligation did and does serve a useful purpose (i.e. the delivery of a specified number of affordable units of a variety of types) and the modified obligation would reduce the overall number of affordable units and provide solely DMR. Whilst DMR is a form of affordable accommodation and it serves a useful purpose, it is less affordable than the social-affordable and immediate rent tenures and on its own would not address the significant housing need identified in the Borough for low-cost housing. The Council's

stance is we do not agree to having just this form of affordable housing (i.e. DMR), when a variety of more affordable tenures was agreed as part of the original decision and it is now proposed to narrow this down. Overall, the proposed appeal modification would be less useful as there would be less affordable housing overall in terms of numbers (quantum), fewer tenure types (variety) and the remaining affordable housing would not be genuinely affordable within the Camden context.

- 5.5 On this basis the proposed modification is unacceptable as it would fail to serve the obligation's purpose equally well. The s.106A application was refused and the s.106B appeal should be dismissed on this ground.

Scope of s.106A application

- 5.6 Legal submissions will be made by the Council's barrister. The Council contends that the statutory question of whether or not the obligation serves a useful purpose 'equally well' should include consideration of types of affordable housing, their level of affordability, and the quantum. Furthermore, wider questions of viability and planning balance go beyond what is legally required. Therefore, my approach to considering this s.106B appeal is to address:

(a) Whether the obligation serves a useful purpose – yes it does. The delivery of a specified number of affordable units of a variety of types and affordability, serves a useful purpose. It serves a useful purpose because it helps meet the need for a range of affordable and genuinely affordable homes in the Borough;

(b) Whether the modified obligation would serve that purpose equally well – no it does not. The overall number and tenure of units which are genuinely affordable in the Camden context would be reduced. The proposed modification would be a significantly lower number, all of one type/tenure and of lesser affordability. On this basis the modified obligation would be less useful because it would be catering for fewer people overall and it would no longer meet a range of different housing and affordability needs.

- 5.7 Affordable housing was secured as part of the approved scheme as there was a requirement under the Development Plan (see paragraphs 43, 46, 47 and 52 of the Secretary of State's decision dated 18/02/2016 (Core Document 5)). The relevant local policies at the time of the original approval were CS6 and DP3 within the Local Development Framework Core Strategy and Development Plan documents. These policies have been superseded by the Camden Local Plan 2017. Affordable Housing policy is primarily applied through policy H4 (Maximising the supply of affordable housing). It states that *'the Council will aim to maximise the supply of affordable housing and exceed a borough wide strategic target of 5,300 additional affordable homes from 2016/17 - 2030/31, and aim for an appropriate mix of affordable housing types to meet the needs of households unable to access market housing'*. The need for affordable housing has not diminished. The 50% target for affordable housing still applies (as per policy H4 (Maximising the supply of affordable housing) of the Camden Local Plan 2017) and I therefore conclude that the subject clause of the s.106 (3.2) still serves a useful purpose in providing affordable housing. The proposed modification effectively results in the loss of affordable housing which is required by policy, and leaves a form of affordable housing that is not supported by current policy and guidance (as the DMR is not genuinely affordable housing in the Camden context and therefore does not adequately meet the most acute/greatly needed identified housing need in the Borough). On this basis, it cannot be concluded that the modification would serve the purpose equally well.
- 5.8 The proposed modification includes the removal of the current requirement to provide 36 units of genuinely affordable housing (8 Intermediate Housing and 28 Affordable Rent Housing Units (permanent)) and 18 units as DMR for a minimum period of 15 years post practical completion. This original obligation secured approximately 25% (as suggested by the Appellant, based on GEA) of the total residential floorspace as affordable. In terms of units - 36 units (28 Affordable Rent and 8 Intermediate Housing) out of the total of 184 residential units on-site (19.6%) are considered to constitute genuinely affordable housing in line with the Camden context. It is noted that this is not a policy compliant position in terms of quantum (at the time nor under today's policy framework), which is 50% of the floorspace (GIA under the current Local Plan). Under current policy the London Plan (2021) requires 50% of housing

to be affordable by habitable room and provides that, subject to providing a policy compliant mixture of tenures (in Camden Council's case – 60% social-affordable rent and 40% intermediate rent), applications can potentially fast-track viability at 35% (by habitable room) to meet Greater London Authority requirements and floorspace (GIA) to meet Camden Local Plan requirements. Nevertheless, this was a level of affordable housing provision to which the Secretary of State attached considerable weight in his decision letter and it offers a greater level and diversity of affordable provision than that offered by the Appeal proposal. The former and current policy position with regard to affordable housing serves to emphasise the continuing need for affordable housing within London and the Borough.

- 5.9 Specifically, the proposed modification is to replace the above/as consented with 18 units (less than 10% by unit) as DMR in perpetuity. The Local Plan requires all affordable housing to be genuinely affordable. This includes social-affordable rented units and intermediate rented units. DMR is not a model that Camden supports in new schemes coming forward, as it is not recognised as a genuinely affordable tenure of affordable housing. This is further evidenced by the Council's Draft Planning Statement on the Intermediate Housing Strategy and First Homes (Appendix 2), which provides further evidence to support the Council's position which continues to show that only social-affordable rent/London Affordable Rent and intermediate rent are genuinely affordable tenures in the Camden context.
- 5.10 The Council contends that the s.106A-B process is not the correct procedure to modify the quantum and tenure of affordable housing agreed within a s.106 legal agreement on the basis of changed viability. This is evidenced by the creation (and removal) of the s.106BA-C process, which was enacted (following the last global financial crisis) specifically to allow for the modification or discharge of affordable housing requirements, and appeals in relation to such applications. This provision was created on 25/04/2013 then repealed on 01/05/2016. The Government has not signalled that it will reintroduce anything similar. The s.106BA provided a topic/rationale-specific mechanism for landowners and developers to request modification or discharge of affordable housing obligations within s.106 agreements. Any modification was for affordable housing requirements only and had to be

based on grounds of economic viability. The bespoke nature of the s.106BA-C procedure for modifying affordable housing based on viability has not been replaced. The s.106A-B process, which existed before and during the time s.106BA-C was in place, is separate, and is not a substitute for it. S.106A has its own, separate legal and evidential tests which are limited to the two determinative issues.

5.11 The Appellant is essentially trying to review the viability of the consented affordable housing provision. The consented affordable housing provision (i.e. the quantum and tenures secured within the s.106) was more than was considered viable at the time, yet the covenant was deliberately included by the Appellant in order to support its planning application. This indicates that the purpose of the clause was to secure a specific quantum and type of affordable housing needed to make the scheme acceptable (i.e. to outweigh the harm caused, including to the conservation area, and provide an acceptable scheme on balance of all the benefits and disbenefits). The proposed appeal modification is asking the Inspector to review viability, in a way which would undermine the planning balance assessment made by the Inspector and the Secretary of State, when it is also clear that this falls outside the remit of the s.106A/B process.

5.12 The Council is concerned that the Appellant made an offer of a specific amount and type of affordable housing to secure planning permission, has implemented the development by demolishing the previous building (losing all the value that it had) and constructing a basement and ground floor associated with the consented building. The implication of this course of conduct is that either the consented scheme would have to come forward or these works would have to be completely undone and started again, at considerable cost. Having undertaken all these steps, the Appellant is now trying to remove a significant quantum and types of affordable housing that were an essential factor of permission being granted in the first place. All this is being attempted using a process with a very narrow remit, which the Appellant is trying to misuse by focussing solely on viability grounds.

Conclusion - Whether s.106 obligation serves a useful purpose and if the proposed modification would serve the same purpose equally well

- 5.13 The above paragraphs demonstrate that the purpose of Clause 3.2 of the s.106 legal agreement is to deliver the consented quantum and types of affordable housing. This obligation serves a useful purpose. Relating this to the requirements of s.106A(6), the modification proposed would mean that Clause 3.2 would not continue to serve its original purpose equally well. The purpose was to deliver 36 units of genuinely affordable housing (8 Intermediate Housing and 28 Affordable Rent Housing Units (permanent)) and 18 units as DMR for a minimum period of 15 years post practical completion. This would be significantly reduced to a much lower quantum and result in the total loss of a range of tenures that are considered genuinely affordable (i.e. intermediate rent and social-affordable rent). Furthermore, the remaining DMR are not considered to provide a genuinely affordable form of housing that sufficiently addresses Camden's affordable housing needs. The proposed modification would therefore not serve the purpose equally well.

Need for Affordable Housing in the Borough

- 5.14 There is still a need for affordable housing in the Borough. In the wake of the Covid-19 crisis, there may well be changes to the market, new pressures on housing need, and severe constraints on the public funding available. It is not possible to predict what forms these will take, but where resources are limited, the Council's view is that the focus of public spending, and of s.106 planning obligations related to affordable housing, should be to address the needs of those who have no housing options in the market (as set out in Policy H4 (Maximising the supply of affordable housing) of the Camden Local Plan 2017).
- 5.15 Camden Council is committed to playing its part to address the housing crisis with one of the biggest local authority housebuilding programmes in the capital, providing genuinely affordable homes. The Council has been successfully promoting its own intermediate rent product to help those unlikely to qualify for social-affordable rent, helping to retain key workers in the Borough, and helping non-dependent children to leave overcrowded family homes.
- 5.16 The Land Registry's House Price Index data for October 2018 to September 2019 indicates that monthly average house prices in Camden for both new

build and existing properties were around £840,000 (with variations of +/- 6%). The Camden SHMA 2016 identified a need for 16,800 additional homes, of which 10,200 (61%) were needed for households unable to afford to rent or buy appropriate market housing.

- 5.17 Policy H4 of the Local Plan seeks to maximise the supply of affordable housing, in line with aiming to exceed the Borough wide strategic target of 5,300 affordable homes from 2016/17-2030/2031. The 5,300 target is based on the amount of affordable housing that can feasibly be delivered over 15 years on the basis of Camden Local Plan policies; however, it is worth noting that the Camden SHMA estimates a need for around 10,200 additional affordable homes from 2016-2031 (Local Plan para 3.95). Policy H4 also aims for an appropriate mix of affordable housing types (including social-affordable rent and intermediate rent) to meet the needs of households unable to access market housing. This policy (and relevant guidance) was adopted following the approval of the original application.
- 5.18 The 2017 London SHMA, which forms part of the evidence base for the London Plan 2021, demonstrates that there is a significant need for low-cost rental housing across the capital. Of the 66,000 new homes needed in London annually for the next 20 years, around 47% would need to be provided as low-cost rent (i.e. social-affordable/London Affordable Rent), and 18% as intermediate products (i.e. intermediate rent), to tackle acute affordability issues found within the capital (i.e. 65% of all housing needs to be affordable).
- 5.19 The London Plan 2021 states that delivering more genuinely affordable (based on local need) housing is a key strategic issue for London. There is a need for 43,500 affordable homes per year. Given the extent of this affordable housing need, the delivery of overall housing targets should not be relied on as a reason for reducing affordable housing delivery. It is critical that all major developments contribute directly towards the provision of affordable housing.
- 5.20 Information has been provided by the Camden Housing Placements Team, using data drawn from Camden's General Needs Housing Register, to demonstrate that the total number of applicants registered for social rented

housing exists and is growing. The tables (Table 1 and 2) below show the total number of applicants registered for housing (by Bedroom Need) in Camden as at March 2021 and September 2021. When the totals are compared, there is an increase of 3.9% in demand for social rented housing in Camden in just the few months since March this year.

Table 1: Number of Applicants Registered For Housing in Camden at March 2021	
Room Size	Total Applicants
Studio	707
1 Bed	908
2 Bed	2,373
3 Bed	1,767
4 Bed	426
5 Bed	55
6 Bed	1
Total	6,237

Table 2: Number of Applicants Registered For Housing in Camden at September 2021	
Room Size	Total Applicants
Studio	774
1 Bed	954
2 Bed	2,440
3 Bed	1,803
4 Bed	443
5 Bed	62
6 Bed	2
Total	6,480

5.21 The average waiting times for social rented housing in Camden as at 2020/21 is:

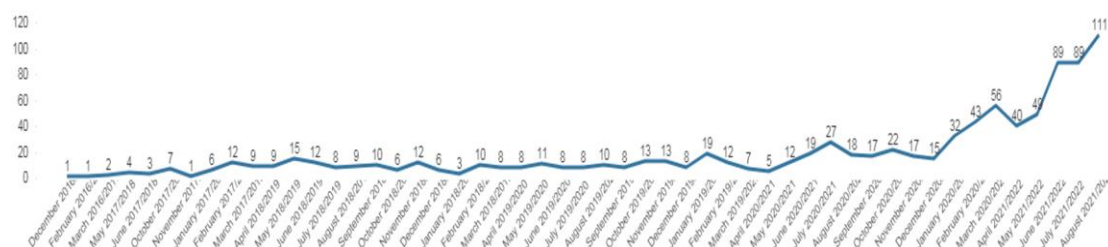
- Studio – 2 years
- 1 beds – 2 years

- 2 beds – 3 years
- 3 beds – 7 years
- 4 beds – 7 years
- 5+ beds – 9 years

5.22 Camden Council holds an Intermediate Housing Register of Interest. Information held on the Register is current and refreshed every 3 months (i.e. those on the list are sent an email and must re-register to stay on it or they get removed). As intermediate housing on development schemes becomes available, the intermediate housing units are marketed to those who have registered their details. The active list consistently stays between 900-1,000.

5.23 The majority of intermediate housing in Camden is targeted at households with income levels between £31,950–£42,600 and runs up to a cap of £60,000 where two separate household incomes can be taken into account (i.e. combined) for ‘sharer’ units. As at 13th October 2021, there were 997 people registered on Camden’s Intermediate Housing Register. The chart below (Figure 1) shows the number of registrations per month and indicates an increasing demand for intermediate housing.

Figure 1: Number of People Registered for Intermediate Housing by Date



5.24 The table below (Table 3) provides details of the income levels of people who are seeking intermediate housing in Camden.

Table 3: Income Levels of People Seeking Intermediate Housing in Camden		
Income per annum	No. of people Registered by income	Percentage of total Registrations
Less than £20,000	19	(1.91%)
£20 – 29k	282	(28.28%)

£30 – 39k	289	(28.99%)
£40 – 49k	186	(18.66%)
£50 – 59k	121	(12.14%)
£60 – 69k	47	(4.71%)
£70 – 79k	30	(3.01%)
£80 - 89k	17	(1.71%)
Over £90,000	5	(0.50%)
No income recorded	1	(0.10%)
Total	997	

5.25 In summary, since the creation of the planning obligation to secure the affordable housing quantum and tenures, there has been a growing need in the Borough (and London) for genuinely affordable homes. This is evidenced via the housing register (see above) and changes to planning policy since the original permission – including the Camden Local Plan 2017, London Plan 2021, Housing Camden Planning Guidance (CPG) 2021, Camden’s Intermediate Housing Strategy, the Draft Planning Statement on Intermediate Housing Strategy and First Homes, and the Mayor’s Supplementary Planning Guidance - including Housing (March 2016) and Affordable Housing and Viability (August 2017). The affordable housing need still exists (and has become greater) since the original obligation was entered into, meaning that the need to serve the obligation’s useful purpose equally well is more important. The Borough requires a significant amount of affordable housing that needs to be provided for, including by way of the appeal development. In addition to the referenced policy documents, this need is included within several documents including Camden’s and the Greater London Authority’s evidence base. Section 5 (Legislative and Planning Policy Framework) of the SoCG dated 25/08/2021 includes most of the documents relied on. The documents include:

- **Camden Strategic Housing Market Assessment (Camden SHMA) 2016** – housing need for affordable housing comprises 10,200 homes
- **The 2017 London Strategic Housing Market Assessment (London SHMA)** - the net requirement for new homes in London 2016-2041 is estimated to be around 65,900 homes a year. Of this total, 47% would need to be ‘low-cost rent’ (e.g. social-affordable rent) and 18%

intermediate (e.g. intermediate rent) based on standard affordability tests

- **Camden's Authority Monitoring Report (AMR) 2017/18** - the Borough wide strategic target is for 5,300 additional affordable homes from 2016/2017-2030/31. This target (which does not fully address the need) is not currently being met. In 2017/18, 252 net affordable dwellings were completed, which is below the 353 target per year
- **Camden Council Market and Affordable Housing Completions from 2015/2016 (Appendix 3)** – 1,100 affordable homes have been delivered in Camden over the past 6 years, equivalent to 185 per year, which is below the 353 target per year

Conclusion - Need for Affordable Housing in the Borough

- 5.26 Affordable housing need in the London Borough of Camden is indicated in the Camden SHMA 2016 data (10,200 homes needed for households unable to afford to rent/buy market housing) and the Camden Local Plan (5,300 affordable homes targeted from 2016/17-2030/31). The 2017 London SHMA states that 65% of all housing (of the 66,000 new homes needed annually) needs to be affordable and the London Plan targets 43,500 affordable homes per year. Information from Camden's Housing Registers (both the general needs and intermediate housing) indicates that there are a large number of applicants for affordable housing (6,480 for general needs and 997 for intermediate housing), that the number of applicants is growing and wait times are very long (2-9 years for general needs). Updated information on affordable housing completions show that Camden are falling well short of affordable housing need and targets.

Discount Market Rent (DMR) is not a genuinely affordable tenure in the Borough

- 5.27 The primary concern with the appeal modification is the reduction to the number of affordable units secured as part of the original application. 36 affordable units would become market rent and the resulting offer would only be two thirds of the originally consented package (in terms of number of units). Further to this, the units lost include 24 social-affordable rent units suitable for families (8 x 2 bed and 16 x 3 bed), of which 16 are large units (3 beds) suitable for family homes with three bedrooms, plus 5 (3 x 2 bed and 2

x 3 beds) intermediate rent units which could go to families (including 2 x family homes with three bedrooms). Three-bedroom family homes, particularly in the social-affordable rent tenure, are of significant value to the Borough. The DMR units include no family homes with three bedrooms, as the mix is made up of 9 x 1 bed and 9 x 2 bed. The proposed appeal modification would therefore result in no affordable large family sized units (i.e. 3 bed+). As shown in Tables 1 and 2 (paragraph 5.20 above), there is a great need for large (i.e. 3 bed+) family-sized units in the social-affordable tenure with 2,310 applicants registered for 3-6 bed housing in Camden in September 2021. Furthermore, the average wait time for large (i.e. 3 bed+) family units in social rented housing in Camden is much longer than 1 and 2 bed units – 7 years for 3/4 beds and 9 years for 5+ units opposed to 2 years for studios/1 beds and 3 years for 2 beds (see paragraph 5.21 above).

5.28 Whilst DMR is a form of affordable housing and serves a useful purpose, it is not a genuinely affordable tenure in the Borough's context and it would be the only form of affordable housing left in the development. It would not address the Borough's affordable housing needs on its own. The rental levels and targeted income thresholds for the consented DMR are considerably less favourable compared to the affordable housing tenures required by the Camden Local Plan: social-affordable and intermediate rent. According to the section 106 legal agreement associated with the main permission, the DMR needs to be let for 5 years to persons whose gross household income does not exceed £63,000 (as confirmed in Essential Living's 'Theatre Square: DMR Housing Units Marketing Plan June 2019' (Appendix 4)). This is only for 5 years and is a much higher level of household income than those set out in the Council's Intermediate Housing Strategy - £30,000 and £40,000 (as adjusted by wage inflation). Social-affordable rent units are allocated to households on low incomes with need, based on the Council's Housing Allocation Scheme. A number of priorities are set in legislation including income, need to move, children and indications of vulnerability. To join the housing register, an applicant's housing savings or financial assets must be below £32,000.

5.29 In addition to the income cap for DMR (£63,000) which is higher than the Council's inflation-adjusted £30,000 to £40,000 band for intermediate rent, the

existing section 106 does not state any particular relationship between rents and incomes (meaning there is no restriction on the proportion of income the rent could make up). The Council's Housing CPG and Intermediate Housing Strategy indicate that rents should not exceed 40% household income, with net income taken as 70% of gross income. The DMR as part of the consented scheme has no such restriction (as required under current policy guidance), meaning rents could take up a higher proportion of household income and be unaffordable compared to current Camden CPG expectations.

5.30 Further to the above, the existing section 106 states that the rent of the DMR is based on 65% (1 bed) or 70% (2 bed) of open market rent of an equivalent unit in the development. This rent level would likely be £16,800 per annum per unit or approximately £1,400 per month (gross of operating expenses or expenditure costs). The DMR would be capped in accordance with the London Plan Annual Monitoring Review and is the same as Savills' (the viability consultant working on behalf of the Appellant) valuation approach adopted for the consented scheme. This rent level would be a lot higher than the Council's target rents for social-affordable and intermediate.

5.31 Below are target rents for London Affordable Rent (Table 3). These weekly rent benchmarks for London Affordable Rent are from the Greater London Authority's website - <https://www.london.gov.uk/what-we-do/housing-and-land/homes-londoners-affordable-homes-programmes/homes-londoners-affordable-homes-programme-2016-2023>

Table 3: London Affordable Rent Weekly Rent Benchmarks 2017/18-2021/2022					
Unit size	Year and Cost of Rent				
	2017/18	2018/19	2019/20	2020/21	2021/22
Bedsit/1 bed	£144.26	£150.03	£155.13	£159.32	£161.71
2 beds	£152.73	£158.84	£164.24	£168.67	£171.20
3 beds	£161.22	£167.67	£173.37	£178.05	£180.72
4 beds	£169.70	£176.49	£182.49	£187.42	£190.23
5 beds	£178.18	£185.31	£191.61	£196.78	£199.73
6+ beds	£186.66	£194.13	£200.73	£206.15	£209.24

5.32 In terms of Intermediate Rent – the Camden Planning Guidance Housing January 2021 suggests the following in paragraphs 3.43-3.44:

- studios - £172 per week (= £745pcm)
- 1 beds - £229 per week (= £992pcm)
- 2 bed/4 person (for sharers only, subject to the £60,000 household income cap) - £323 per week in total (= £700pcm per household)

5.33 The Appellant has discharged clause 3.2.1 of the section 106 legal agreement signed 24 August 2015 relating to the original permission, which includes a Statement of Compliance on Affordable Housing Provision (Appendix 1). The statement is from the Director of Development and Assets of Origin Housing (a registered provider on the [Council's Approved Strategic Partner List](#)) setting out the schedule of accommodation, tenure mix and rental levels. This includes 28 x London Affordable Rent units, 5 x Intermediate Rent units and 3 x Shared Ownership units. The rent per week varies from £162.35-£181.40 for the London Affordable Rent and £130.00-£323.00 for the Shared Ownership/Intermediate Rent units.

5.34 The proposed appeal modification would result in a loss of two thirds of the affordable housing (in terms of numbers of units) from the originally approved scheme. The remaining affordable housing would not include any large (i.e. 3 bed+) family units, and would be DMR which is not a genuinely affordable tenure in the context of the Borough. The DMR is not genuinely affordable, in the context of Camden's guidance on intermediate housing, by way of its income threshold (which is significantly higher than the Council's and can be removed after 5 years) and the rent levels are much higher than the Council's target rents (and agreed rents with Origin Housing) for social-affordable and intermediate rent.

Conclusion - DMR is not a genuinely affordable tenure in the context of the Borough

5.35 The Council has demonstrated that not only would the quantity of affordable housing be significantly reduced, but the remaining DMR would be less affordable than the typical affordable housing products required by Camden

policy – social-affordable and intermediate rent. Furthermore, no affordable family homes with three bedrooms would remain in the scheme. Therefore, no genuinely affordable housing in the context of Camden would remain on the development if the proposed appeal modification were to be allowed. The remaining DMR has a much higher income threshold (than Camden’s relevant guidance on intermediate housing requires) and the resulting rent levels would not constitute genuinely affordable housing, as they would be much greater than social-affordable and intermediate target rents.

Notwithstanding Assessment

- 5.36 As stated above, the remit of a s.106A application is to consider whether the proposed obligation serves a useful purpose ‘equally well’. The Council contends that it would not, as the quantum and types of affordable housing are being significantly reduced such that the obligation would fail to deliver on planning policy and guidance provisions for affordable housing. I believe that wider questions of viability and planning balance go beyond what is required and stray into areas which are not material. Notwithstanding this position, an assessment on a without prejudice basis is put forward on viability and planning balance considerations.

Viability Considerations (Without Prejudice)

- 5.37 The Council does not consider viability matters are relevant to the determination of a s.106A application. Notwithstanding this, a review of the Appellant’s viability position has been carried out by BPS on behalf of the Council. I have read the proof of Andrew Jones, Director of BPS Chartered Surveyors, who has provided detailed evidence regarding viability, and agree with his conclusions.
- 5.38 As stated above, viability matters are covered within the proof of Andrew Jones. The evidence given below is intended to be background information for the Inspector on viability matters. The National Planning Policy Guidance (NPPG), Paragraph: 009 Reference ID: 10-009-20190509, states that:

‘Where contributions are reduced below the requirements set out in

*policies to provide flexibility in the early stages of a development, there should be a clear agreement of how policy compliance can be achieved over time. As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability assessment or trigger a review mechanism. **Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project.** (Emphasis added)*

5.39 What the above makes clear is that where a developer chooses to progress a development project they do so knowing that there is risk which might result in diminished profits or even financial loss and that risk should not be passed back to the public by removing public benefits (which formed part of a scheme at the grant of a permission) in order to make a development more viable. In this instance the Appellant willingly took on the risk associated with the development – they proposed more affordable housing than was considered viable at the time in anticipation of improvements in the market – and relied on the considerable weight of the public benefits associated with the proposed affordable housing to get planning permission. This was part of the planning balance and was something that the Planning Inspector and Secretary of State took into account in the original decision (see paragraph 52 of the Secretary of State's decision letter dated 18/02/2016 and paragraph 390 of the Planning Inspector's report (Core Document 5)). The Appellant is essentially attempting to relieve itself of this risk by placing it on the general public, by significantly reducing the quantum and tenures of affordable housing that they relied on to gain consent in the first place.

5.40 Further to the above, the Mayor of London's Affordable Housing and Viability SPG 2017 states at paragraph 3.66 that: '*Affordable housing requirements are applied where they are required to make an application acceptable in planning terms. Thus, review mechanisms should not be used to reduce the base level of affordable housing contributions which are required as part of the planning permission. This would require a new or modified planning permission.*' The SPG makes it clear that review mechanisms are to be

applied to developments to ensure improvements in viability are appropriately considered. Paragraph 3.35 states that *'the application of a review mechanism should not be used as a justification for a higher profit level.'* The effect of the appeal proposal is like a downward review, which is expressly ruled out in national and Mayoral guidance. Camden's Housing CPG January 2021 is also clear that the purpose of reviews is to ensure that any improvements over the viability situation at the moment of approval are captured for the benefit of the public.

- 5.41 In summary the Appellant took a site with an office building that had an associated Existing Use Value (EUV). They have now demolished that building so no longer have its value to fall back on. The Appellant has implemented the development and partly completed it, including creating a basement and laying a ground floor slab. The site is considered to be only suitable for a residential-led development. It is allocated to optimise the potential of the site to provide new housing and affordable housing in the Council's existing Site Allocations Document dated September 2013 and has further protection through planning policy as there is an extant permission that is partly built out (Policy H1 of the Camden Local Plan 2017). If the affordable housing were to be removed, then all the associated harm with the proposal as originally consented would need to be weighed against the remaining benefits, which would be a much-diminished offer. As has been stated above, the Council's position is that viability is not relevant to the consideration of this appeal because it falls outside of the scope of the legislation, but were the Council required to take it into account, as propounded by the Appellant, it would not be accepted. The proposed modification to the obligation would require the Council and the public to forfeit some of the benefits secured by the scheme to satisfy planning policy to reduce the financial risk to the developer. The NPPG (and GLA and Camden guidance) is very clear that this is not the purpose of reviewing viability following the grant of planning permission.

Conclusion – Viability Considerations (Without Prejudice)

- 5.42 I do not consider viability to be a relevant consideration as part of the section 106A/B process. Notwithstanding this, viability evidence has been submitted on the Council's behalf by Andrew Jones, Director of BPS Chartered

Surveyors. The appeal proposal is in a similar vein to a downward review, by seeking to reappraise viability at a late stage and remove secured on-site affordable housing. Such an approach is expressly ruled out in national and Mayoral Guidance.

Planning Balance (Without Prejudice)

5.43 The original planning application was found to cause harm by the Local Planning Authority (LPA), Planning Inspectorate and the Secretary of State. It was refused by the LPA on 03/10/2014 for the following substantive reasons (see Core Document 6 for original LPA Decision Notice for 2014/1617/P):

- The proposed development by reason of its height, bulk, mass, design and density represents overdevelopment of the site which would have an adverse impact on the character and appearance of surrounding conservation areas and the local area; and
- The proposed development by reason of its height, bulk and mass would result in loss of amenity, especially overshadowing to the adjacent Swiss Cottage Open Space and surrounding areas.

5.44 In the decision letter (Core Document 5), the Secretary of State says, at paragraph 24:)

*‘Overall, the Secretary of State agrees with the Inspector for the reasons given that the proposal generally accords with the aims and objectives of CS Policies CS5 & CS14, DP Policy DP25 and LP Policy 7.8. However, he also agrees with the Inspector for the reasons given that **there is some harm** in terms of CS Policies CS5, CS14 and DP25 to be carried through into the planning balance, **due to the ‘less than substantial’ harm the development would cause to the Belsize Conservation Area in respect of the view from Belsize Park.**’ (Emphasis added)*

5.45 Paragraph 51 of the decision letter elaborates on other areas of the proposal that cause harm:

‘Other factors that the Secretary of State finds weigh against the scheme are: the impact on trees, to which he attaches moderate weight; disruption during construction, to which he attaches little weight for the reasons in IR392; the impacts on views from around the area and the increase in shading in respect of the Swiss Cottage Open Space, both of which he gives moderate weight.’
(Emphasis added)

5.46 The harm to the Swiss Cottage Open Space included ‘some loss of sunlight, small changes to the microclimate and additional building surrounding it and..... the increase in shading is a harm that needs to be weighed against the proposal’ (paragraph 393 of the Inspector’s Report dated 23/09/2015).

5.47 Paragraph 52 of the DCLG letter then weighs up the harm against the benefits of the scheme:

‘Weighing in favour of the appeal the Secretary of State finds, for the reasons given above: considerable social benefit in the provision of the proposed housing and affordable housing, Secretary of State considers that the public benefits of the proposal outweigh the less than substantial harm, in Framework terms, to the Belsize Conservation Area’. (Emphasis added)

5.48 The scheme as consented, and with the proposed modification, would lead to ‘less than substantial’ harm to a designated heritage asset (the Belsize Conservation Area). Other harm would be caused via impacts on trees, disruption during construction, loss of sunlight and microclimate impacts on the Swiss Cottage Open Space.

5.49 The law requires that less than substantial harm to a designated heritage asset be afforded significant weight in the planning balance and policy provides that such harm may only be outweighed where there are sufficiently substantial public benefits delivered by the development. The original obligation that is proposed to be modified secured 36 units of genuinely affordable units of housing (8 Intermediate Housing and 28 Affordable Rent

Housing Units (permanent)) and 18 units as DMR for a minimum period of 15 years post practical completion. The public benefit associated with the 36 genuinely affordable units of affordable housing is considered to result in substantial public benefits. The proposed modification significantly alters this obligation to only 18 units as DMR in perpetuity. Such a modification would significantly alter the planning balance and result in a scheme with a reduced package of benefits that would not serve the planning purpose of delivering much needed affordable housing equally well – and it therefore requires the full range of planning considerations to be reviewed in a way which I understand to be inappropriate for consideration of s.106A applications.

Conclusion – Planning Balance (Without Prejudice)

- 5.50 The original planning application resulted in harm, including less than substantial harm to the Belsize Conservation Area, impacts on trees, disruption during construction, impacts on views from the area and an increase in shading on the Swiss Cottage Open Space. These harmful aspects, including the harm to the designated heritage asset (i.e. the Belsize Conservation Area) to which the law required considerable importance and weight to be attached, were held by the Secretary of State to be outweighed by the scheme's benefits, including its affordable housing contribution, as secured via the s.106 obligation. The proposed appeal modification would significantly reduce the quantum of affordable housing and the remaining DMR is not considered to be genuinely affordable in the Camden context. Therefore, the harm caused by the proposals would no longer be outweighed as an insufficient package of benefits would exist.

6.0 RESPONSE TO APPELLANT'S GROUNDS OF APPEAL

- 6.1 In addition to the comments already made in the paragraphs above in relation to the refusal of the proposed appeal modification, a response has been made below to the Appellant's grounds of appeal. The grounds of appeal are made within the 'Appellant's Statement of Case' dated May 2021.
- 6.2 Paragraph 2.9 of the Appellant's 'Statement of Case' mentions that the site is formally allocated for development within the Site Allocations Document adopted in 2013. The relevant document also mentions that affordable

housing is expected. It states that: *'Development will be expected to.... Optimise the potential of the site to provide new housing (including affordable housing).....'* (**emphasis added**). An extract of the document is included as Core Document 3.

- 6.3 The Appellant, in paragraph 2.16, states that *'The purpose of Clause 3.2 is to ensure that the development delivers the maximum reasonable amount of affordable housing consistent with both the requirements of the Development Plan and the delivery of a viable scheme. The inter-relationship between these two arms is fundamental: if a scheme cannot be delivered viably then it will not be able to deliver the maximum reasonable amount of affordable housing.'* The Council contends that the purpose of the clause was to secure a specific amount and types of affordable housing. These were secured to make the scheme acceptable. Viability and commercial deliverability were not the purpose of the clause and the Council contends these matters are not relevant. I consider that, even if the purpose of the clause was as the Appellant states (which is contested), it applies at the point of considering the application and grant of the planning permission rather than after planning permission has been granted and delivery commenced.
- 6.4 Paragraph 2.17 of the 'Statement of Case' claims that *'In issuing the original approval in 2016, the Secretary of State confirmed that, in providing the maximum affordable housing provision possible having regard to the viability of the scheme, the approved development offered a level of affordable housing provision in accordance and complying with the policies of the Development Plan.'* The affordable housing offered as part of the application was more than the Appellant could viably afford at the time, which is evidence that this formed a fundamental part of the scheme as it was offered to make the development acceptable on balance (i.e. it was offered as a public benefit in order to help secure planning permission). The Secretary of State placed considerable weight on the affordable housing and this contributed towards outweighing the harm caused by the proposal, including the less than substantial harm caused to the designated heritage asset (the Belsize Conservation Area).

- 6.5 In response to paragraph 2.18, the Council contends that viability is not a relevant consideration to this appeal. Notwithstanding the viability position at the time of the original planning application, an affordable housing offer was made by the Appellant in excess of what they and the Council's appointed assessor deemed viable at the time. The s.106A/B process is not considered to be the correct mechanism to revisit this offer. The affordable housing formed an integral part of the consideration of the original scheme and was given considerable weight in the planning balance by the Secretary of State.
- 6.6 The Appellant contends in paragraph 4.2 that the Council's decision to refuse the application '*is procedurally flawed and without merit*'. They contend that the application '*must consider both the viability of the development and the overall range of planning benefits that will continue to be delivered from the approved development...*' The Council contends that the viability of the development was not the purpose for securing the affordable housing to the scheme. This purpose was to provide a certain amount and types of affordable housing, which the Council has a demonstrated need for and the Appellant relied upon to gain consent. If the overall range of planning benefits were to be considered, the Council contends that these would be considerably less if the appeal modification were to be granted. The remaining amount of affordable housing would be significantly less (in terms of overall quantum), there would be reduced diversity of tenures and the remaining tenure (i.e. DMR) is not genuinely affordable in the Camden context. Therefore, the modified provision of affordable housing does not serve the purpose of the obligation equally well.
- 6.7 Regarding paragraphs 4.5-4.7 in the Appellant's Statement of Case, legal submissions will be made by the Council's barrister. Section 106A of the 1990 Act does not require that regard be had to the development plan for the purposes of determining an application or appeal in respect of the proposed modification or discharge of a planning obligation. It is noted that a section 106 legal agreement is a discretionary document that an applicant (and any relevant person(s)/organisation(s) with an interest in the land) makes with the Local Planning Authority. Such documents can be modified via a Deed of Variation at the discretion of those bound to it. The s.106A/B process is considered to have a limited remit, and the Council contends that it has

appropriately considered the s.106A application within this remit and has refused the application on procedurally correct and robust grounds.

6.8 The Council contends that viability is not relevant to the consideration of this s.106B appeal but, nevertheless has offered a notwithstanding (without prejudice) basis assessment. The Appellant's Statement of Case sets out their view on viability matters in paragraphs 4.13-4.28. The matters of agreement and disagreement (areas of difference) are updated in the Statement of Common Grounds (dated 25/08/2021 and SoCG viability matters 18/10/2021) and the Council's position is evidenced clearly in the proof of evidence of Andrew Jones, director of BPS Chartered Surveyors. With regard to paragraph 4.21, whilst the application is to modify the current obligation, the Appellant is essentially seeking to justify this modification based on a late-stage review of viability. The Council contends that late-stage viability reviews are in place to capture improvements in viability, which are usually to be shared (often as a financial contribution/payment in lieu) between an applicant and Local Planning Authority, rather than to renege on affordable housing secured as part of a planning application. The Council will contend the Appellant's position on viability (on a notwithstanding basis) via Andrew Jones's proof of evidence.

6.9 In paragraph 4.24, the Appellant mentions the under delivery of homes against the housing delivery test and London Plan housing targets. The Council notes that the 'tilted balance' approach in paragraph 11b) of the NPPF does not apply as the original scheme was found to cause harm to a designated heritage asset (i.e. the Belsize Conservation Area) by the Secretary of State. As mentioned previously, the Secretary of State placed considerable weight on the affordable housing secured as part of the scheme. The appeal modification would substantially reduce the amount and types of affordable housing brought forward. Paragraph 4.28 (within the Appellant's Statement of Case) states that *'All other aspects of the approved development remain unchanged from the approved development and consequently the planning merits of the development are also unchanged.'* This is clearly not the case (that the planning merits of the development would be unchanged) as the provision of affordable housing would be significantly reduced.

Representations on Portsmouth Appeal

- 6.10 The Appellant submitted the following appeal decision within their Statement of Case: Queens Hotel, Portsmouth Appeal (PINS Ref: APP/Z1775/Q/18/3203583, dated 18 March 2019). They claim it is an example of where an Inspector determined that the previously agreed level of affordable housing could be modified appropriately through the modification of a planning obligation within the existing s.106 Agreement.
- 6.11 In addition to the appeal decision provided by the Appellant, the Council has submitted three Portsmouth City Council Reports (08/01941/FUL, 10/01247/FUL and 16/02047/PAMOD) relating to the appeal in Appendix 10 of its Statement of Case. The first two are the reports that recommended approval of the development to which the Portsmouth s.106B appeal relates; and the third is the report to establish the Planning Committee's position on the s.106B appeal (the appeal was made on the basis of non-determination). The Council (Portsmouth City Council) contested the appeal purely on viability grounds. It maintained that the changes proposed by the appellant went beyond what was necessary to secure the viability of the development. The Portsmouth situation was evidently rather different from the subject appeal at 100 Avenue Road. The development there (Portsmouth) was what the Inspector termed 'beneficial development' that enabled the restoration and retention of a hotel that contributed positively to the conservation area and the development was entirely policy compliant and was beneficial in planning terms in all other respects (except that there was a flood risk issue that required Security of State referral). The affordable housing offer had therefore not been relied on heavily (or at all) in the planning balance when the original decisions were taken.
- 6.12 The above is quite different from the subject appeal site (100 Avenue Road), where the affordable housing offer was clearly an important factor that the Inspector (and the Security of State) gave considerable weight to in the planning balance. Indeed the Appellant offered more affordable housing than was strictly viable because it appreciated that this was something that would weigh in favour of the development and might help outweigh the policy conflicts and other harm (including heritage harm) caused.

- 6.13 So whereas the Portsmouth development did not need the affordable housing to make it acceptable in planning terms the 100 Avenue Road development did – or at least, it was one of the key factors that outweighed the identified harms (which did not exist in the Portsmouth case).
- 6.14 Further to the above, the Council considers that the Inspector as part of the following appeal - John Lyon School, Harrow Appeal (PINS REF: APP/M5450/Q/16/3160672) decision attached as Appendix 11 of the Council's Statement of Case - appears to have limited herself to a relatively narrow scope on the s.106A which is similar to the approach that the Council has taken in its decision to refuse the appeal proposal. This is evidence to support that the Council's approach to the obligation is sound, in that the appeal modification would significantly diminish the quantum and types of affordable housing meaning that it would not serve the original purpose equally well.

7.0 CONCLUSIONS AND SUMMARY

- 7.1 In conclusion, I have demonstrated that the original obligation (Clause 3.2 of the s.106 legal agreement attached to planning permission 2014/1617/P dated 18/02/2016) serves a useful purpose which is delivering the consented quantum and tenures of affordable housing. The proposed modification would significantly reduce the consented affordable housing to a much lower quantum. Furthermore, it would result in the loss of a range of tenures that are considered genuinely affordable in the Camden context and meet different needs and the remaining affordable housing (i.e. the Discount Market Rent (DMR)) would not be genuinely affordable. The proposed modification would therefore not serve the purpose equally well. The appeal should be dismissed on this basis.
- 7.2 I do not consider the Appellant's reappraisal of the viability information to be within the remit of a s.106A application or s.106B appeal. Government guidance (NPPG) makes it very clear that *'review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project'*. A certain quantum and tenure of affordable housing was offered as a public

benefit by the Appellant as part of the original scheme, notwithstanding this being a greater offer than was considered financially viable. It is not up to the planning/appeal process to allow the developer to renege on these benefits after willingly taking on this risk as part of the development. Andrew Jones, Director of BPS Chartered Surveyors, has considered viability matters (without prejudice to the Council's case).

7.3 Furthermore (and without prejudice to the Council's case), the proposed modification of the affordable housing quantum and tenures would significantly alter the public benefit associated with the consented scheme. The original scheme was found harmful by the Local Planning Authority, the Planning Inspector and the Secretary of State and considerable weight was attributed to the delivery of affordable housing in the planning balance. Harm caused by the consented proposal included 'less than substantial harm' to the conservation area (which is a designated heritage asset).

7.4 The law requires considerable importance and weight to be afforded in the planning balance when harm to a designated heritage asset occurs and any public benefits need to be substantial and compelling. The appeal modification would significantly alter the planning balance and result in a scheme with a reduced package of benefits that would not serve the purpose of delivering much needed affordable housing equally well.

7.5 For the reasons set out above and in the Council's evidence taken as a whole, the Inspector is respectfully invited to dismiss this appeal.

8.0 LIST OF APPENDICES

Appendix 1 - Statement of compliance on Affordable Housing Provision in respect of 100 Avenue Road, NW3 3HF

Appendix 2 - Draft Planning Statement on Intermediate Housing Strategy and First homes dated 15/10/2021

Appendix 3 - Camden Council Market and Affordable Housing Completions (net additions) from 2015/2016

Appendix 4 - Theatre Square: DMR Housing Units Marketing Plan June 2019

**Appendix 1 - Statement of compliance on Affordable Housing Provision
in respect of 100 Avenue Road, NW3 3HF**

Carolyn Whittaker
Affordable Housing Development Co-ordinator
London Borough of Camden
5 Pancras Square
London
N1C 4AG

1st May 2019

Dear Carolyn

Statement of compliance on Affordable Housing Provision in respect of 100 Avenue Road, NW3 3HF

1. This statement is submitted in compliance with and to discharge certain requirements related to the Affordable Housing at 100 Avenue Road, London NW3 3HF referred to in the s.106 agreement dated 10th August 2015 in the Definitions section and in Section 3 Obligations of the owner and sub section 3.2 Affordable Housing.
2. Origin Housing Limited (OHL) has agreed to purchase long leases in respect of the 36 homes which represent the affordable housing offer in respect of planning application no: 2014/1617/P.
3. OHL is a Registered Provider with circa 2,600 homes in LB Camden and is included on LB Camden's list of approved Registered Providers. .
4. The affordable housing element of the scheme, as defined in the s106 agreement, provides a total of 36 affordable homes, split between Affordable Rent and Intermediate Tenures. Within the Intermediate Tenures, there is a mixture of 1 bedroom Shared Ownership and 2 and 3 bedroom Intermediate Tenure homes.

The current proposal for affordable housing provision, which complies with the s106 agreement is split by tenure as follows: 28no. London Affordable Rent, 5no. Intermediate Rent and 3no. Shared Ownership, schedules at the end of the report.

5. **Rents** In compliance with the s106 agreement provisions, the rents we have used for the Affordable Rented homes are:
 - 5.1. Substantially below local market rents
 - 5.2. Do not exceed rents for market homes with the same number of bedrooms in LB Camden
 - 5.3. Have regard to benefit caps currently in use
 - 5.4. Are no more than 50% of the market rent for 1 and 2 bedroom units
 - 5.5. Are no more than 80% of the market rent for 3 bedroom units

- 5.6. Intermediate Rent Units will be let at no more than £323 per week inclusive of services in keeping. Schedule of proposed rents is set out at the end. These are based on Camden Councils affordability criteria combined with our own assumption that some of these homes will be let to sharers, thereby allowing the rents to be set on the basis of two individuals sharing and each being assessed for affordability of their half of the tenancy.

Our assumption that these homes will be let to sharers is based on our past and current experience of marketing Intermediate Rent homes. Camden Council has sanctioned this approach in their Intermediate Rent strategy.

6. Rent increases for Intermediate Rent homes will be set in line with Consumer Price Index (CPI) plus 1% and reviewed annually. Affordable Rent homes will be subject to the same level and frequency of increase from April 2020 when the current period of Rent Restructuring concludes.
7. **Tenancy Types** The tenancies for the London Affordable Rent homes will be offered on 12 month Starter Tenancies, at the end of which, and after a review of the tenancy to date, a 5 year Assured Shorthold Tenancy or permanent tenancy may be granted.

The Intermediate Rent homes will be offered on Assured Shorthold Tenancies for a period of 6 months on a rolling basis.

8. I confirm that in respect of the 'Definitions section 2.4 ' of the s.106 the Affordable rented homes will be let to those eligible for such housing.
9. I confirm that all Intermediate Housing units will be marketed in the first instance to people registered on the London Borough of Camden's Intermediate Housing Register.
10. The homes to be provided as the Affordable homes are as set out below.

100, The Avenue - Schedule Of Accommodation

100 Avenue Road Swiss Cottage NW3 3PF	1b2p	2b4p	3b5p	3b6p	Total
London Affordable Rent	4	8	8	8	28
Intermediate Rent		3	2		5
Shared Ownership	3				3
Total	7	11	10	8	36

Rental figures for scheme. These figures are inflated up to estimated completion date February 2022.

Unit Type	Ten.	Unit Size (m2)	Unit Size (ft2)	Rent Per Week	Tenure Type	Mkt Rent	% Mkt Rent
1 Bed 2p	LAR	64.96	699	£162.35	Affordable Rent	£500	32%
2b4P	LAR	75.84	816	£171.90	Affordable Rent	£600	29%
2b4P	IMR	93.28	1004	£280.00*	Intermediate Rent	£600	47%
3 Bed 5P	LAR	101.1	1088	£181.40	Affordable Rent	£700	26%
3 Bed 6P	LAR	108.8	1171	£181.40	Affordable Rent	£730	25%
3 Bed 6P	IMR	111	1195	£323.00	Intermediate Rent	£730	44%
1 Bed 2p	SO	64.96	699	£130.00**	Shared Ownership	£500	26%

*assumes two sharers at a rent of £323pw and one family occupation at £215pw.

** Shared ownership initial equities will be 25% tranches and remnts charged at 1.75% of unsold equity.

Yours sincerely

Gareth Jones
 Director of Development & Assets
 Origin Housing

Appendix 2 - Draft Planning Statement on Intermediate Housing Strategy and First homes dated 15/10/2021

Draft Planning Statement on the Intermediate Housing Strategy and First Homes

Summary

- a. First Homes are affordable homes sold to first-time buyers at a discount. National policy indicates that:
 - 25% of affordable homes in each scheme should be First Homes ("the First Homes requirement");
 - in London, First Homes will be sold to first-time buyers earning no more than £90,000 per year, and the maximum price after discount will be £420,000;
 - the discount will be passed on at each subsequent sale.
- b. This statement constitutes an Interim Policy Statement in line with national planning practice guidance. Subject to approval, this statement will be issued for consultation. Following consultation, the Council will consider the responses received, and decide whether to formally adopt the document as Council policy.
- c. When determining planning applications, this statement will be taken into account alongside national planning policy and relevant development plan documents, including the London Plan 2021 and the Camden Local Plan 2017.
- d. The Council has adopted an Intermediate Housing Strategy to secure intermediate rent homes for working households on low and middle incomes. Since the beginning of 2018, the strategy has delivered over 130 intermediate rent homes, the majority of lettings have been to households with annual incomes below £40,000 (gross), and significant proportions of lettings have been to people working in the health sector and those who previously lived in social housing.
- e. This statement reaffirms the Council's commitment to the Intermediate Housing Strategy, and the existing affordable housing priorities set out in the Camden Local Plan 2017 and Camden Planning Guidance on Housing 2021 – which are that 60% of affordable housing should be for social rent or London Affordable Rent, and 40% of affordable housing should be for intermediate rent.
- f. The Council does not consider First Homes to be a suitable form of affordable housing for delivery in Camden, and will not seek the inclusion of First Homes in developments in the borough, or expect 25% of affordable homes to take the form of First Homes.
- g. We note that First Homes in Camden would not meet the same housing needs, or offer the same level of public benefit, as homes for intermediate rent. Consequently First Homes will not be afforded the same weight as homes for intermediate rent when balancing the benefit and harm arising from a development.

- h. Homes for social rent or London Affordable Rent should continue to be delivered in accordance with our policy requirements. Any First Homes delivered should only ever be in place of a proportion of intermediate housing (rather than social rent or London Affordable Rent).
- i. The minimum discount for First Homes in Camden will be 50%, to reflect the extremely high price of homes relative to local incomes.
- j. The maximum discounted price cap in Camden will be £420,000, in line with national guidance for London.
- k. The maximum eligible income for purchasers of a First Home in Camden will be £90,000, in line with national guidance for London.
- l. This statement does not set any other local eligibility criteria for First Homes.
- m. We will discourage measures in Neighbourhood Plans to introduce different discount levels or price caps, or set local eligibility criteria.

1 Introduction

- 1.1 First Homes are defined by the government as affordable homes sold to first-time buyers at a discount. Provisions for First Homes were introduced into national planning policy by a Written Ministerial Statement and Planning Practice Guidance issued on 24 May 2021. Councils should consider the First Homes policy in determining applications from 28 December 2021.
- 1.2 Key aspects of the national planning policy for First Homes are:
 - 25% of affordable homes in each scheme should be First Homes ("the First Homes requirement");
 - in London, First Homes will be sold to first-time buyers earning no more than £90,000 per year, and the maximum price after discount will be £420,000;
 - the discount will be passed on at each subsequent sale.
- 1.3 Government guidance indicates that authorities should generally use Local Plans to set out how they will deliver First Homes, but also provides for authorities to issue an Interim Policy Statement. The guidance does not set out what form this should take.
- 1.4 We have prepared this document as an Interim Policy Statement (in line with national planning practice guidance reference ID: 70-009-20210524), which will provide a measure of statutory support for the Council's position, while allowing us to provide guidance quickly, and giving us flexibility to adjust our position in the light of emerging experience of First Homes delivery and sale. We do not propose amending the recently adopted Camden Planning Guidance (CPG) on Housing (January 2021) at this stage given uncertainty about the deliverability of First Homes in Camden and the level of local interest in buying them.
- 1.5 Subject to approval by the Cabinet Member for Investing in Communities, Culture and an Inclusive Economy, this statement will be issued in draft form for consultation. Following consultation, the Council will consider the responses received, assess whether amendments are needed, and decide whether to formally adopt the document as Council policy.
- 1.6 When determining planning applications where affordable housing is required, this statement will be taken into account alongside national planning policy and relevant development plan documents, including the London Plan 2021 and the Camden Local Plan 2017. The weight that can be given to this statement will increase as it progresses through consultation to formal adoption.

2 Help for those on middle-incomes – the Intermediate Housing Strategy

- 2.1 The Council's Cabinet adopted the Intermediate Housing Strategy on 6 April 2016. Intermediate housing costs less than market housing, but more than social housing. The strategy seeks to ensure that intermediate housing can be delivered viably and affordably to the 'squeezed middle' of working households on low and middle incomes in Camden, thus helping to maintain cohesive communities and the diversity of the borough's population.

- 2.2 Since its emergence in around 2004, the most common form of intermediate housing has been shared ownership. Shared ownership involves the occupier purchasing a share of a home's value (typically 25%) and paying rent on the remainder (typically an annual rent equivalent to 2.5% of the remaining value). As a result of rapidly increasing house prices in Camden, by 2016, it was no longer possible to deliver shared-ownership homes in the borough at a price affordable to middle-income households earning £30,000 to £40,000 per year. The Intermediate Housing Strategy responded to this challenge with the following measures:
- intermediate homes are delivered for rent rather than shared ownership;
 - we seek to ensure that most intermediate rent homes are affordable at incomes from £30,000 to £40,000 (adjusted by wage inflation since 2016 to £31,950 to £42,600)¹;
 - intermediate rents are set at around 40% of the net household income of occupiers;
 - we have set up a Council-owned company, Camden Living, to own and manage intermediate rent homes delivered as part of our Community Investment Programme (including estate regeneration schemes);
 - we work strategically with Private Registered Providers (primarily Housing Associations) who operate in the borough to ensure that they own and manage the intermediate rent homes delivered by market-led developments in accordance with the strategy;
 - those who live or work in Camden are encouraged to join our regularly updated intermediate housing register of interest through the Council's website – over 950 people were registered at the start of October 2021;
 - lettings of intermediate rent homes are made to households on the register of interest with combined incomes below £60,000 per year (an income cap set by the London Plan);
 - lettings are carried out in accordance with a Priority Matrix, which prioritises existing social tenants, those on the Housing Register, other borough residents, and those who work in the borough.
- 2.3 The first Camden Living Rent tenancy began in February 2018, and Camden Living was managing 65 intermediate rent homes by August 2021, including some larger flats shared by more than 1 tenant. In the initial round of letting, tenants had the following characteristics:
- 59% had incomes between £30,000 and £40,000 per year;
 - 63% worked in public sector roles adding social value, including doctors, nurses and police officers;
 - 34% worked in health;
 - 25% were sons or daughters of existing social housing tenants, of whom almost half moved from overcrowded family homes.

¹ figures based on 2019 earnings, the latest year for which data is available; we anticipate that 2020 data will be available in November 2021 – if available as anticipated, 2020 figures will be included in this statement prior to adoption.

- 2.4 The Council's partner Housing Associations began letting homes through the Intermediate Housing Strategy in March 2018. Up to August 2021, these Housing Associations had delivered 67 homes through the Intermediate Housing Strategy, including 17 studio flats, 14 one-bedroom flats and 36 two-bedroom flats. We have been provided lettings data for 51 of these homes, which shows that:
- 53% of lettings were to those with incomes below £40,000 per year, including five with incomes below £30,000 per year;
 - 43% of lettings were to people working in health or education;
 - 89% of lettings were to borough residents, including fifteen residents who previously lived in social housing.
- 2.5 The 978 people on our intermediate housing register of interest at the start of October 2021 had the following characteristics:
- 59% had incomes below £40,000 per year, of whom half had incomes below £30,000 per year;
 - 41% worked in health or education;
 - 61% were borough residents, of whom over 40% currently live in social housing;
 - over half were seeking intermediate rented homes, just below 5% were seeking to buy through shared ownership, and over 40% would consider intermediate rent or shared ownership;
 - the households specifically seeking shared ownership had higher incomes (80% had gross annual incomes of £60,000 or more), but the vast majority of the remaining households would be unable to afford First Homes in Camden (only 9% had gross annual households of £60,000 or more).
- 2.6 Taken together, these datasets indicate that homes delivered through the Intermediate Housing Strategy have been highly successful in meeting the needs of people from our target groups. This statement therefore reaffirms the Council's commitment to our Intermediate Housing Strategy, and the priority we give to intermediate rented housing as the type of affordable housing best able to assist working households on low and middle incomes.
- 2.7 The Camden Local Plan 2017 sets a guideline for 60% of affordable homes to be provided as 'social-affordable rented housing' and 40% as 'intermediate housing'. This guideline is consistent with Policy H6 of the London Plan 2021, the needs identified by the Camden Strategic Housing Market Assessment 2016 and the London Strategic Housing Market Assessment 2017, and the priority the Council gives to securing homes that help middle income households to remain in Camden.
- 2.8 Having regard to the emphasis on intermediate rent in our Intermediate Housing Strategy and the tenures supported by the London Plan 2021, our Camden Planning Guidance (CPG) on Housing adopted in January 2021 indicates that 60% of affordable housing (by floorspace) should be delivered as homes for social rent or London Affordable Rent, and 40% of affordable housing (by floorspace) should be delivered as homes for intermediate rent. This statement reaffirms these preferred tenures and guideline percentages.

3. Obstacles to making First Homes work in Camden

- 3.1 In line with our Intermediate Housing Strategy, the Camden Local Plan 2017, indicates that the Council will generally seek intermediate housing in the form of homes for intermediate rent rather than shared ownership because shared ownership will rarely be affordable to households close to median income in Camden. Similarly, the Mayor of London's 2017 Supplementary Planning Guidance "Affordable Housing and Viability" indicates that shared ownership is not generally appropriate where open market values exceed £600,000. Evidence set out in this statement confirms that First Homes in Camden would also rarely be affordable to middle income households.
- 3.2 ONS data indicates that the median Camden house price for the year to September 2020 was £800,000, almost 19 times the median annual income of £42,528 (gross) for residents. Based on a deposit of 25%, a household with median earnings (£42,528) purchasing a home at the Camden median price (£800,000) would require a discount of almost 70% (a discount of c. £545,000) for the home to be affordable on single income at the usual loan-to-income multiplier of 4.5 (loan c. £191,400, deposit c. £63,800, discount price c. £255,000).
- 3.3 Discounts above 50% would have a significant impact on viability, reducing resources available to deliver alternative and genuinely affordable housing types, such as social rent, London Affordable Rent and intermediate rent homes for those on low to medium incomes.
- 3.4 This would harm equality by reducing housing options for groups who are less likely than the general population to be able to afford First Homes, and/ or more likely to need other forms of affordable housing (notably affordable housing for rent) that would be displaced by First Homes. Based on evidence about the impact of shared ownership contained in the Camden Strategic Housing Market Assessment 2016, we consider that the promotion of First Homes in Camden would be likely to have a negative impact on a wide range of groups, particularly lone parent families and households with housing support needs, but also black and minority ethnic households, other families with children, and households containing older people. Details of this evidence are included in Annex A to this statement.
- 3.5 The Camden Strategic Housing Market Assessment 2016 indicated that 10,200 affordable homes to rent would be needed in Camden from 2016 to 2031, 60% of our overall housing needs. Similarly, the London Strategic Housing Market Assessment 2017 found that 47% of all housing needs across London over the next 20 years would be for low-cost affordable homes to rent.
- 3.6 A median-priced home in Camden (£800,000 for the year to September 2020) would also require a discount of over 45% to reach the First Homes price cap of £420,000. Based on the maximum discounted price of £420,000 for a First Home, a deposit of 25% (£105,000) and a loan-to-income multiplier of 4.5 for a single income (3.5 for a joint income), a purchaser of a First Home would need a single income of at least £70,000 (or a joint income of at least £90,000),

which is far above the median annual income of £42,528 (gross) for Camden residents.

- 3.7 As indicated in section 2 of this statement, our Intermediate Housing Strategy seeks to ensure that most intermediate rent homes are affordable at annual incomes from £30,000 to £40,000 (adjusted by wage inflation since 2016 to £31,950 to £42,600)². Of the people on our intermediate housing register of interest at the start of October 2021, 90% had annual incomes below £60,000, and 59% had incomes below £40,000. Providing affordable products that would only be affordable to households with incomes of £70,000 or more would not be consistent with our Intermediate Housing Strategy, the needs identified by the two Strategic Housing Market Assessments, or the needs of people on our intermediate housing register of interest.
- 3.8 Data from the Land Registry's House Price Index shows that there are other housing options available in the borough for households with incomes above the median who are unable to afford the £800,000 median house price in Camden. House Price Index data for October 2018 to September 2019 shows that the average price paid by first-time buyers in Camden (£720,323) was 26.3% below the average price paid by previous owner-occupiers (£976,787), indicating that there are cheaper properties available in some parts of Camden. This is confirmed by ONS data for the year to Sept 2020, which indicates that the lower quartile Camden house price was £526,500, 34% lower than the borough median house price.
- 3.9 The House Price Index also shows that households with incomes above the median who would rather buy than rent also have housing options available to them in adjoining boroughs. Data for October 2018 to September 2019 shows average prices paid for all property were substantially below Camden in four adjoining boroughs, namely Barnet (-38%), Brent (-43%), Haringey (-35%), Islington (-25%). Details of the data from the House Price Index are included in Annex B to this statement.
- 3.10 Taking all these factors into account, particularly the high price of homes relative to the income of local residents, the Council does not consider First Homes to be a suitable form of affordable housing for delivery in Camden. This is consistent with the position set out in the GLA's First Homes Planning Practice Note on 20 July 2021, which indicates that:
- decision-making related to First Homes should take account of policies in the London Plan and local plans, as well as national policy;
 - First Homes are a form of intermediate housing, and only 18% of the housing need across London is for intermediate homes (London Strategic Housing Market Assessment 2017);
 - the 30% standard First Homes discount would not deliver prices within the £420,000 maximum price cap in many parts of London;

² figures based on 2019 earnings, the latest year for which data is available; we anticipate that 2020 data will be available in November 2021 – if available as anticipated, 2020 figures will be included in this statement prior to adoption.

- in some circumstances, higher discount levels could harm the delivery of social and affordable rented homes, for which there is the greatest need.

4 Our approach to the First Homes requirement

- 4.1 In the light of the obstacles to making First Homes work in Camden, as set out in section 2 of this statement, the Council will not seek the inclusion of First Homes in developments in Camden, or expect 25% of affordable homes to take the form of First Homes.
- 4.2 This statement reaffirms the Council's commitment to the Intermediate Housing Strategy, and the existing affordable housing priorities set out in the Camden Local Plan 2017 and Camden Planning Guidance on Housing 2021 – which are that 60% of affordable housing (by floorspace) should be for social rent or London Affordable Rent, and 40% of affordable housing (by floorspace) should be for intermediate rent.
- 4.3 The information set out in sections 2 and 3 shows that First Homes in Camden would not meet the same housing needs, or offer the same level of public benefit, as homes for intermediate rent. Consequently First Homes will not be afforded the same weight as homes for intermediate rent when balancing the benefit and harm arising from a development.
- 4.4 We acknowledge that the range of property values across the borough may make it possible to deliver First Homes within the £420,000 maximum price cap in some parts of Camden. Having regard to this potential and the national planning policy, we note that applicants may sometimes seek to include First Homes in a development. Where this is the case, all relevant national and local requirements for First Homes must be met. Key requirements for First Homes in Camden are:
- First Homes should be sold to first-time buyers earning no more than £90,000 per year (national policy may change this income limit over time);
 - the maximum price after discount for First Homes at the time of initial sale should be £420,000;
 - borrowing should fund at least 50% of the discount price;
 - the discount below open market value should be at least 50% - see section 5 of this statement for more details;
 - the same level of discount that was applied to the open market value of the First Homes at the time of initial sale should be passed on to new purchasers at each subsequent resale.
- 4.5 National policy indicates that where First Homes are included in a development, the priority for remaining affordable housing is to provide social rented homes up to a total of 75% of all affordable housing in the scheme. In the Camden Local Plan 2017 and the Camden Planning Guidance on Housing 2021, homes for social rent and London Affordable Rent are included as a single category, with a guideline that these types of homes should form 60% of affordable housing in each development. Consequently, the Council will prioritise both of these types of affordable housing.

4.6 Having regard to the housing needs identified by the Camden Strategic Housing Market Assessment 2016 and the London Strategic Housing Market Assessment 2017, the guidance provided by the GLA's First Homes Planning Practice Note 2021, and the national planning policy for First Homes, the Council considers that:

- where First Homes are included in development proposals, these proposals should continue to deliver homes for social rent or London Affordable Rent in accordance with the policy requirements of the Camden Local Plan 2017 and the Camden Planning Guidance (CPG) on Housing 2021;
- any First Homes proposed should only ever be delivered in place of a proportion of intermediate housing (rather than homes for social rent or London Affordable Rent).

5 Minimum discount for First Homes in Camden

5.1 National policy sets a minimum discount for First Homes of 30% below open market value, but provides for local authorities to set higher minimum discount rates of 40% or 50% (but developers may need to provide a greater level of discount to achieve the £420,000 maximum discount price cap). This statement sets the minimum discount for First Homes in Camden at 50% below open market value (which is in line with the greatest discount that national policy allows local authorities to require).

5.2 As indicated in section 3 of this statement, a median-priced home in Camden (£800,000 for the year to September 2020) would require a discount of over 45% to reach the First Homes price cap of £420,000. We consider that a minimum discount of 50% will help to mitigate the impact of any First Homes in the borough by:

- ensuring that any First Homes delivered are able to meet the needs of a range of middle-income households in Camden; and
- encouraging developers to continue to include homes for intermediate rent in their proposals.

Paragraphs 5.3 to 5.5 of this statement provide justification for this position.

5.3 Consultants BNP Paribas have provided relevant evidence in conjunction with work they are carrying out to test the viability of the draft Camden Site Allocations Local Plan. Details of this evidence are included in Annex C to this statement. In summary, the evidence supports a minimum First Homes discount of 50% by showing that setting the discount at 50% (rather than 30%) will:

- maintain the viability of development without making First Homes considerably more attractive to developers than homes for intermediate rent; and
- enable any First Homes developed to encompass a variety of home sizes and a variety of prices within the £420,000 discounted price cap.

5.4 The evidence comparing the viability of First Homes and homes for intermediate rent indicates that:

- with a higher discount of 50% applied, First Homes delivered in the lowest value areas of Camden would still have a higher value than intermediate

rent homes of equivalent size - therefore a 50% minimum First Homes discount can be set without harming the overall viability of affordable housing or our ability to deliver homes for social rent or London Affordable Rent;

- with a lower discount of 30% applied, First Homes delivered in the lowest value areas of Camden would have a considerably higher value than intermediate rent homes of equivalent size, whereas with a 50% discount, the gap between the value of First Homes and intermediate rent homes would be more modest - therefore a minimum discount of 50% should ensure that the delivery of homes for intermediate rent continues to be a reasonably attractive option.

5.5 The evidence examining the range of First Homes that could be delivered indicates that:

- although there are parts of the borough where a 50% discount would be unable to deliver First Homes, there are also parts of the borough where a 50% discount would be able to deliver First Homes within the £420,000 price cap, whilst a lower discount would not;
- in some parts of the borough, a 50% discount could enable delivery of one-bedroom First Homes (as well as studios), two-bedroom First Homes, or even three-bedroom First Homes within the £420,000 price cap (although three-bedroom homes could only be delivered in the very cheapest parts of the borough) - therefore a discount of 50% would enable delivery of First Homes across a range of different sizes;
- in the lowest value areas of Camden, a discount of 50% would enable the delivery of one-bedroom First Homes at around £242,200 and three-bedroom First Homes at around £416,500, whereas a discount of 30% would increase the price of one-bedroom First Homes to around £339,000, and would not enable two-bedroom or three-bedroom First Homes to be delivered within the £420,000 price cap - therefore applying a discount of 50% would better enable delivery of First Homes across a range of different prices and sizes.

6 Local price cap

6.1 Government guidance provides for authorities to set a maximum price (after discount) below the standard £420,000 price cap for London, having regard to local incomes and prices. This statement does not set a lower price cap for Camden, as we consider that this would further squeeze the size of any First Homes delivered, and could involve discounts significantly above 50%, harming the overall level of affordable housing delivery.

6.2 Evidence provided by BNP Paribas to support the draft Camden Site Allocations Local Plan can be used to illustrate the impact of an alternative price cap of £370,000, which is just over 10% lower than the standard cap. Across the borough, the market value for new homes ranges from £900 per sqft (approx £9,700 per sqm) to £2,300 per sqft (approx. £24,760 per sqm). This corresponds with market values from approx £378,000 to £965,500 for a 39 sqm studio flat, and £678,000 to £1,733,000 for a 70 sqm two-bedroom flat.

6.3 At the bottom of this range:

- a 50% discount could deliver a three-bedroom (86 sqm) First Home at around £416,500, within the standard £420,000 price cap, but not within the alternative £370,000 cap;
- a 50% discount could deliver a two-bedroom (70 sqm) First Homes at around £339,000, within the standard price cap or the alternative price cap;
- delivery of a three-bedroom (86 sqm) First Home within the alternative £370,000 price cap would require a discount of 56%;
- the lower price cap could encourage developers to provide First Homes with fewer bedrooms, or to increase the level of discount, reducing the development's viability and potentially reducing the overall level of affordable housing delivery.

6.4 At the top of this range:

- a 50% discount could not deliver any First Homes within the standard price cap or the alternative price cap;
- delivery of a studio flat (39 sqm) as a First Home within the standard £420,000 price cap would require a discount of 57%;
- delivery of a studio flat (39 sqm) as a First Home within the alternative £370,000 price cap would require a discount of 62%;
- the lower price cap could encourage developers to further increase the level of First Homes discount, reducing the development's viability and potentially reducing the overall level of affordable housing delivery.

7 Local eligibility criteria – income cap, local connection test, key workers

7.1 Government guidance also provides for authorities to set local eligibility criteria, although these fall away after the first three months of marketing. Authorities can set an income cap below the standard £90,000 for London, set a local connection test (based, for example, on residence, employment or family), or give priority to workers in particular sectors with staffing issues. This statement does not set any local eligibility criteria at this stage.

7.2 Evidence on market values in the borough suggests that the price of First Homes delivered in Camden would be at or around £420,000 in most cases. As set out in section 3 of this statement, based on the maximum discounted price of £420,000 for a First Home, a deposit of 25% and a loan-to-income multiplier of 4.5 for a single income (3.5 for a joint income), a purchaser of a First Home would need a single income of at least £70,000 (or a joint income of at least £90,000). Consequently, we do not consider that an income cap below £90,000 could be justified in Camden.

7.3 Given the limited range of income groups likely to be able to access First Homes in Camden, we consider that any further restrictions on eligibility (a local connection test or a key worker priority) could make it challenging to sell First Homes delivered in Camden. We may reconsider the potential for local eligibility restrictions when national policy has been in place for long enough for us to assess the actual discount price of First Homes delivered in Camden, and the level of interest from first-time buyers who can afford them.

8 Neighbourhood Plans

- 8.1 Government guidance provides for Neighbourhood Forums to vary the nationally set discounts, price caps and eligibility criteria when producing their Neighbourhood Plans. The Council will strongly discourage the inclusion of such First Homes provisions in Neighbourhood Plans, as these could adversely impact the overall level of affordable housing delivery, make any First Homes challenging to sell, and make monitoring and enforcement of First Homes restrictions extremely complex.

Annexes

Annex A - Equality impact of First Homes on particular groups

Annex B - Other housing options available to households with incomes above the Camden median

Annex C – Market values in Camden and the viability of First Homes

Annex A - Equality impact of First Homes on particular groups

The Camden Strategic Housing Market Assessment (SHMA) 2016 was commissioned jointly with LB Islington, and used an extensive phone survey of Camden and Islington residents to explore the potential of affordable home ownership to meet the needs of different groups. The SHMA tested shared-ownership at 50% equity (with rent, buyers would need to be able to afford 57% of equity). Given the house prices prevailing in Camden, it is likely that First Homes would be sold at the minimum discount levels provided by national policy, which are 30%, 40% or 50% (thus buyers would need to be able to afford 70%, 60% or 50% of market value). We anticipate that those unable to afford shared-ownership at 50% of equity would also be unable to afford First Homes in Camden at these discount levels. The SHMA results for relevant groups were as follows.

Households from black and minority ethnic groups (BAME)

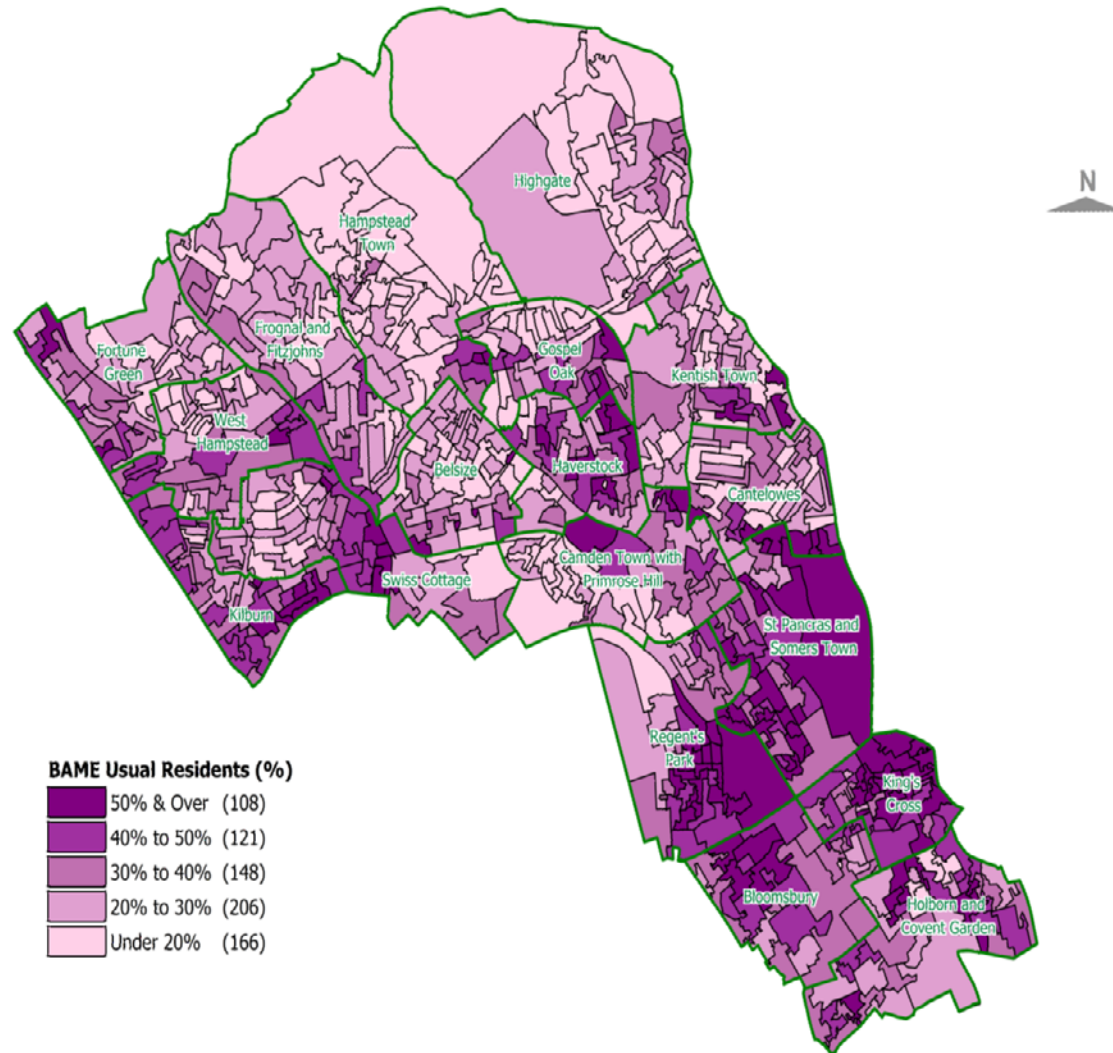
The SHMA considered the following broad black and minority ethnic groups: mixed, Asian, black, white other, and other. Amongst these groups in Camden and Islington, the SHMA found that 46.5% of households live in the social rented sector, 32.2% in the private rented sector, and 20.8% in owner occupation. The survey indicated that 25% of BAME households could afford open market owner occupation, 4.2% more than currently live in the sector. A further 7% could afford shared ownership with a 50% share of equity. BAME households are heavily over-represented in the social rented sector, and those households living in the sector are unable to afford alternative sectors.

The Camden SHMA thus indicates that a significant proportion of BAME households in Camden and Islington could potentially access affordable home ownership at a discount of 30%, but almost half of all BAME households are dependent on the social rented sector. Overall, through the reduction in delivery of affordable homes for rent, the introduction of First Homes would be likely to have a negative impact on BAME households in Camden and Islington.

Evidence from the Census 2011 and CACI Paycheck data for 2019 provides further evidence that few BAME households in Camden would have the £70,000 single income or £90,000 joint income likely to be needed to access a First Home. The following maps show a strong negative correlation (an inverse relationship) between the parts of Camden with a high proportion of BAME (black and minority ethnic) residents and the parts where a high proportion of households have incomes of £70,000 or more, or of £90,000 or more. Put more simply, where there is a high proportion of BAME households, there is a low proportion of households likely to be able to afford First Homes.

- BAME mapping is based on the 2011 Census data for the following broad black and minority ethnic groups: mixed, Asian, black, and other (the 'white other' category is not included).
- Income mapping is based on CACI data for unequivalised Paycheck 2019 household income.

2011 Census: % of Usual Resident Population from Black and Minority Ethnic Groups (BAME)

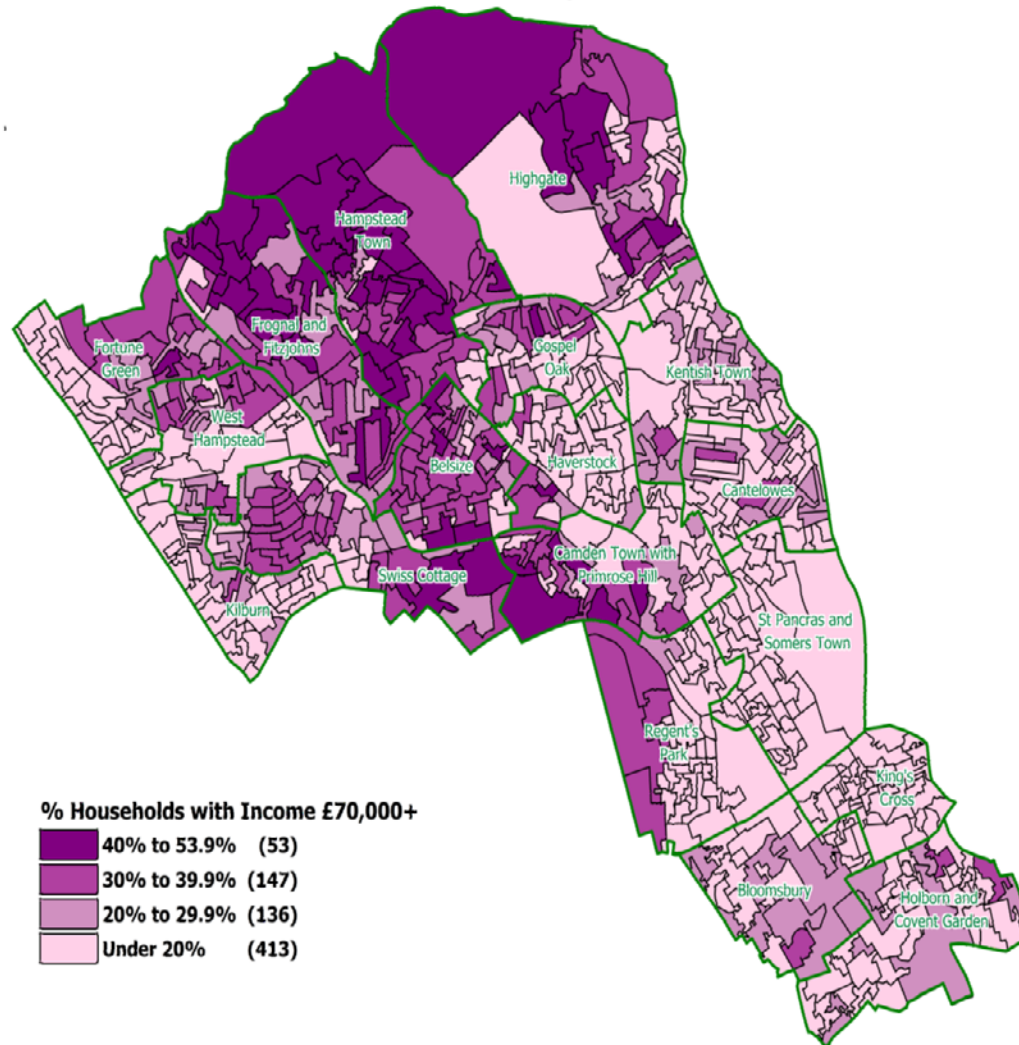


Data source: 2011 Census: Key Statistics table KS201EW, © ONS Crown Copyright.

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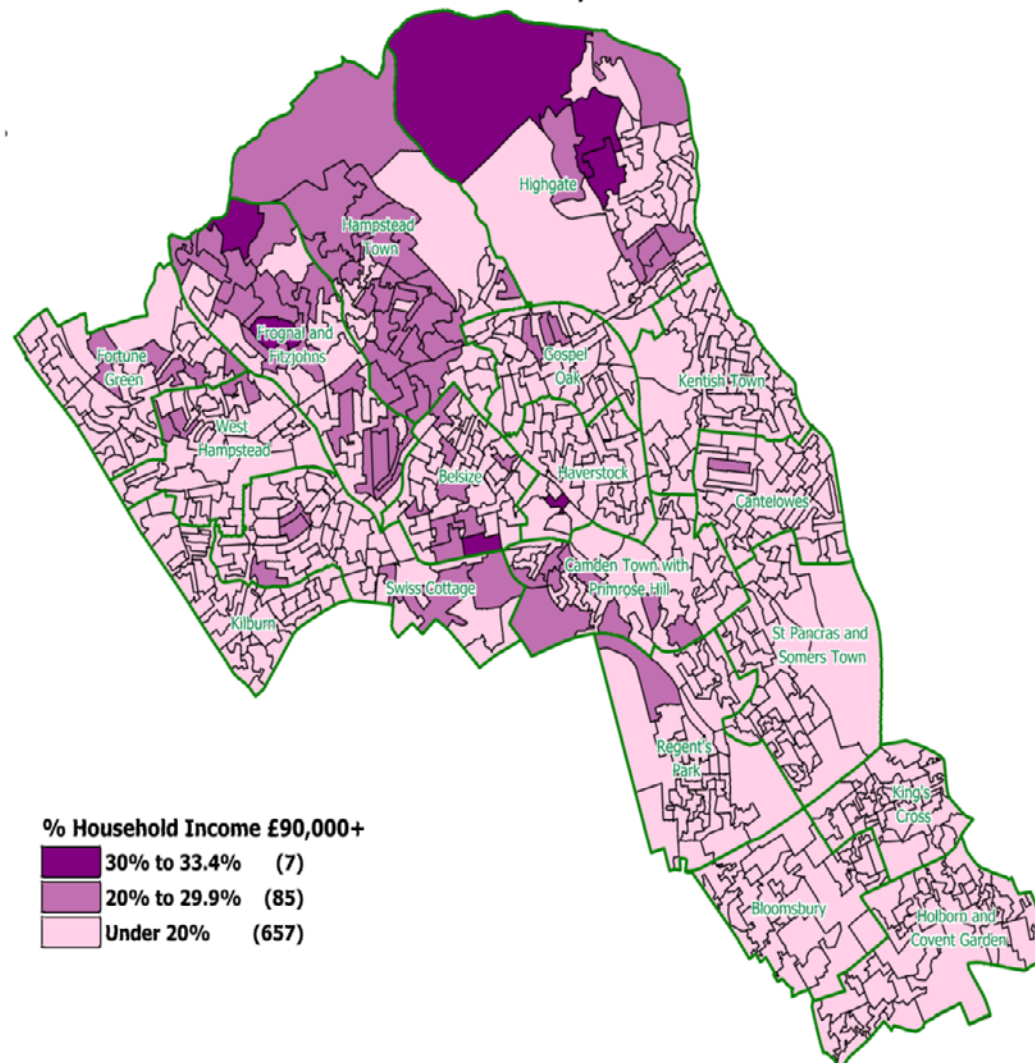
Unequalised Household Income 2019: £70,000+



Data sources: Unequalised Paycheck 2019 Household Income, © CACI Ltd, 2019.
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Unequalised Household Income 2019: £90,000+



Data sources: Unequalised Paycheck 2019 Household Income, © CACI Ltd, 2019.

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Lone parent families

The SHMA found that 77.1% of lone parent families in Camden and Islington live in the social rented sector, an even greater over-representation than for BAME households. 12% of lone parent families would be able to afford open market owner occupation, slightly more than the 10.6% currently living in the sector. No additional lone parent families would be able to afford shared ownership with a 50% share of equity.

Through the reduction in delivery of affordable homes for rent, the introduction of First Homes would be likely to have an overwhelmingly negative impact on lone parent households in Camden and Islington.

Other families with children

The SHMA found that other families with children (excluding lone parent families) are over-represented in owner occupation (35.7%) and in social rent (47.2%). More of these households could afford to live in open market owner occupation than currently do so (an additional 4.3%), and a further 5% would be able to afford shared ownership with a 50% share of equity. 46% of families with children would not be able to afford any sector other than social or affordable rented housing.

The Camden SHMA thus indicates that a modest proportion of other families with children (excluding lone parents) in Camden and Islington could potentially access affordable home ownership at a discount of 30%, but 46% are dependent on the social and affordable rented housing. Overall, through the reduction in delivery of affordable homes for rent, the introduction of First Homes would be likely to have a negative impact on other families with children in Camden and Islington.

Households containing older people

The SHMA found that older person households in Camden and Islington (households with a member over 65) are heavily over-represented in owner occupied housing (48.1%), and also over-represented in the social rented sector (38.9%). A slightly higher proportion (49%) would be able to afford open market owner occupation than currently occupy such housing. Only an additional 1% would be able to afford shared ownership with a 50% share of equity. Older people may also have difficulties accessing mortgages for market or affordable home ownership.

Through the reduction in delivery of affordable homes for rent, the introduction of First Homes would be likely to have a negative impact on households containing older people in Camden and Islington.

Households with housing support needs

The SHMA examined households with a support need due to member with a long standing illness, disability or infirmity of any sort. Three-quarters of these households in Camden and Islington live in the social rented sector (74.9%), a level of over-representation close to that for lone parent families. The numbers that can afford to live in open market owner occupation and those that do so are matched at 14%. Only an additional 1% would be able to afford shared ownership with a 50% share of equity.

The Camden SHMA thus indicates that the introduction of First Homes would be likely to have an overwhelmingly negative impact on households with housing

support needs in Camden and Islington through the reduction in delivery of affordable homes for rent.

Working age households without children

The SHMA found that working age households without children are over-represented in shared-ownership and the private rented sector, and under-represented in the social rented housing. More than half of the households in this group are able to afford the private rented sector, rising to more than three-quarters when bedsits and rooms in shared accommodation are considered. A higher proportion (32%) would be able to afford open market owner occupation than currently occupy this tenure (27.4%). An additional 12% would be able to afford shared ownership with a 50% share of equity.

Of the groups considered by the Camden SHMA, working age households without children would be the most likely to benefit from the introduction of First Homes, and relatively unlikely to be impacted negatively by reduced delivery of affordable homes for rent.

Annex B - Other housing options available to households with incomes above the Camden median

Options in the borough

The Land Registry's House Price Index data for October 2018 to September 2019 allows comparison of prices by buyer status. This shows that monthly average prices for first time buyers in Camden were around £720,000 (with variations of +/- 5%), compared with monthly prices for former owner occupiers of around £977,000 (+/- 5%). For the year October 2018 to September 2019, first time buyers paid an average of 26% less than former owner occupiers in every month. In other words, without the introduction of First Homes, there is already a sufficient variety of properties on sale in Camden to provide first time buyers with properties that are 26% cheaper on average than those bought by former owner occupiers.

HPI monthly average price by buyer status – LB Camden			
Month	Average price first time buyers	Average price former owner-occupiers	%ge first-time buyer price is below former owner-occupier price
Oct-18	£690,671	£936,934	-26.3%
Nov-18	£689,234	£937,341	-26.5%
Dec-18	£739,171	£1,000,822	-26.1%
Jan-19	£741,620	£1,005,130	-26.2%
Feb-19	£739,695	£998,489	-25.9%
Mar-19	£691,265	£934,292	-26.0%
Apr-19	£703,765	£951,263	-26.0%
May-19	£714,972	£969,760	-26.3%
Jun-19	£743,656	£1,011,080	-26.4%
Jul-19	£752,312	£1,022,086	-26.4%
Aug-19	£730,290	£992,985	-26.5%
Sep-19	£707,223	£961,265	-26.4%
Average of monthly averages	£720,323	£976,787	-26.3%

Options in adjoining boroughs

Successive London Strategic Housing Market Assessments have proceeded on the basis that London can be considered as a single housing market area, and this has been accepted by the independent inspectors carrying out each London Plan examination in public, most recently in 2019. In that context, it is reasonable to suppose that first-time buyers seeking homes in Camden will also consider homes in other London local authority areas, particularly those adjacent to Camden.

The Land Registry's House Price Index data can be used to compare average prices for all property types (monthly average for October 2018 to September

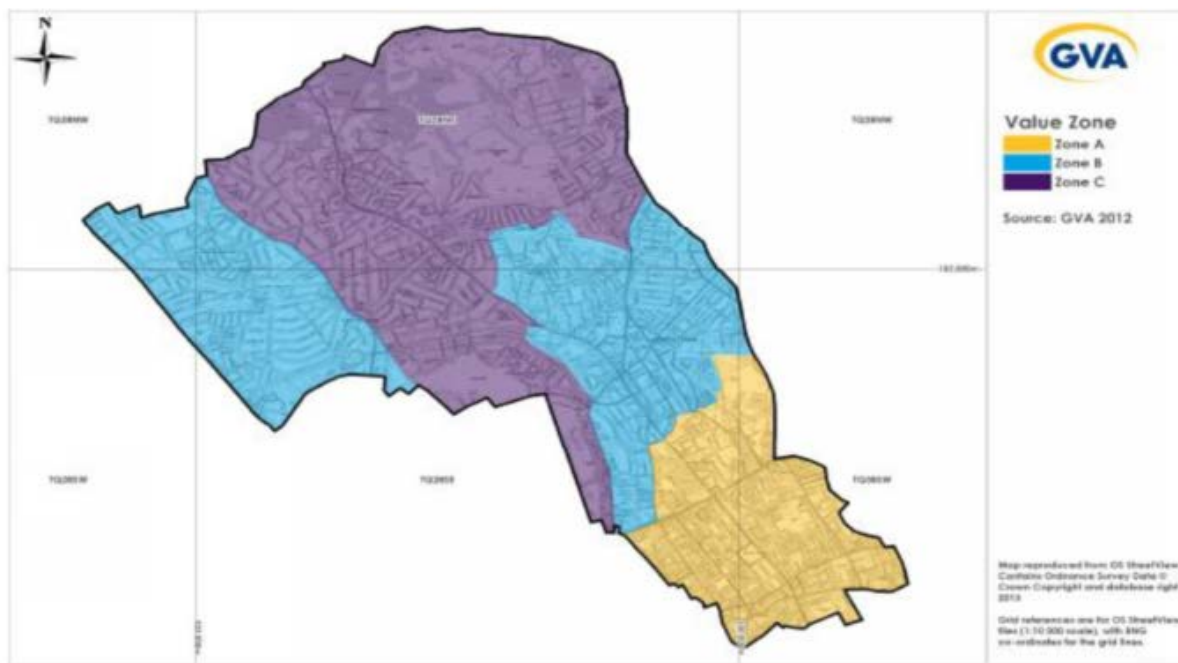
2019) between Camden and adjoining authorities. Average prices in the City of Westminster were consistently above those in Camden, while average prices in the City of London were a little lower in most months. However, buyers in Islington paid around 25% less than those in Camden, and for those buying in Haringey, Brent and Barnet, average prices were more than 30% lower than those in Camden. In sum, without the introduction of First Homes, first time buyers looking to buy in the Camden area can already pay 30% less on average by buying across the borough boundary in Haringey, Barnet or Brent.

HPI monthly average price by type of property (all property types) – LB Camden and adjoining local authorities									
Month	LB Camden	LB Barnet	%age below LB Camden	LB Brent	%age below LB Camden	LB Haringey	%age below LB Camden	LB Islington	%age below LB Camden
Oct-18	£808,474	£537,114	34%	£493,644	39%	£547,469	32%	£634,991	21%
Nov-18	£807,570	£534,800	34%	£479,263	41%	£545,014	33%	£635,088	21%
Dec-18	£864,615	£533,634	38%	£477,140	45%	£544,816	37%	£623,384	28%
Jan-19	£867,808	£528,639	39%	£479,106	45%	£545,524	37%	£635,328	27%
Feb-19	£864,136	£524,112	39%	£478,533	45%	£545,781	37%	£627,120	27%
Mar-19	£807,895	£517,093	36%	£476,223	41%	£537,621	33%	£627,543	22%
Apr-19	£822,533	£512,588	38%	£487,049	41%	£530,148	36%	£619,883	25%
May-19	£836,880	£503,721	40%	£482,244	42%	£542,321	35%	£623,358	26%
Jun-19	£871,354	£511,926	41%	£472,702	46%	£541,576	38%	£627,183	28%
Jul-19	£881,212	£514,134	42%	£470,872	47%	£553,882	37%	£632,614	28%
Aug-19	£855,721	£527,996	38%	£486,068	43%	£546,952	36%	£649,329	24%
Sep-19	£828,560	£527,115	36%	£500,246	40%	£556,375	33%	£656,948	21%
Average of monthly averages	£843,063	£522,739	38%	£481,924	43%	£544,790	35%	£632,731	25%

Annex C - Market values in Camden and the viability of First Homes

Consultants BNP Paribas have provided evidence in conjunction with a commission they are carrying out to test the viability of our draft Site Allocations Local Plan. The work they are carrying out is framed around separate testing for each of the three zones defined by the Council for the Community Infrastructure Levy.

Community Infrastructure Levy Tariff Zones



Zone A (south) is essentially the Central London Area plus King's Cross Central, Somers Town and East Euston.

Zone B (Camden Town and NW Camden) is essentially Camden Town (with Kentish Town and Gospel Oak) plus West Hampstead and Kilburn.

Zone C (NE) is essentially a band from Regent's Park through Primrose Hill to Hampstead and Highgate.

The BNP Paribas work indicates a range of residential values in each zone. The lowest values are found in Zone B Camden Town and NW Camden. Zone C (NE) has the highest values, but encompasses properties within a considerable range of values. The middle of the range of values within Zone A (south) is the highest.

Comparing the value/ viability of First Homes and homes for intermediate rent

The BNP Paribas work allows us to compare the discounted First Homes prices with the capitalised intermediate rents for homes of the same size. The capitalised market rents (less service charges) give an indication of what a Registered Provider (such as a Housing Association) would pay for the intermediate rented homes, and thus show whether the delivery of First Homes would have a negative impact on viability.

Estimates of the capitalised values of intermediate rented homes (less service charges) are set out below and compared with the 50% discounted price and the 30% discounted price in the lowest value part of the borough (Zone B bottom of the range).

Bedrooms	Floor area	Market value	Capitalised intermediate rent	First Homes price (50% discount)	First Homes price (30% discount)
Studio	39	£377,816	£148,000	£188,908	£264,471
1 bed flat	50	£484,380	£207,000	£242,190	£339,066
2 bed flat	70	£678,132	£248,560	£339,066	£474,692
3 bed flat	86	£833,134	£305,000	£416,567	£583,194
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

The table above shows that even at the lowest values in the borough, with a discount of 50% applied, First Homes would still have a higher value than intermediate rented homes, and consequently applying a discount of 50% to First Homes should not harm our overall level of affordable housing.

The table also shows that at the lowest values in the borough, with a discount of 30% applied, First Homes would have a considerably higher value than intermediate rented homes, and a significantly higher value than the same homes with a 50% discount, and therefore applying a discount of 50% to First Homes should help to ensure that the delivery of homes for intermediate rent continues to be a reasonably attractive option.

Comparing the price of First Homes with varying discounts from market value

The BNP Paribas work also enables us to see whether the First Homes could be delivered below the Government's discount price cap of £420,000 with a range of discounts (the Government standard of 30% discount plus the options of 40% and 50%).

Taking the mid-point in the range of values across the whole borough (£1,600 per sqft or 17,222 per sqm), the analysis indicates that *no* First Homes could be delivered within the cap applying a discount of 30%. Applying a discount of 40% or 50% would allow 39 sqm studio flats to be delivered below the £420,000 price cap, but no other sizes.

Borough mid-point of market value range (£1,600 per sqft or 17,222 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£671,674	£470,172	£403,004	£335,837
1 bed flat	50	£861,120	£602,784	£516,672	£430,560
2 bed flat	70	£1,205,568	£843,898	£723,341	£602,784
3 bed flat	86	£1,481,126	£1,036,788	£888,676	£740,563
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

However, focusing on the mid-point should not lead us to neglect the considerable range of values across the borough.

Zone A bottom of market value range (£1,400 per sq ft or £15,070 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£671,674	£411,400	£352,629	£293,857
1 bed flat	50	£861,120	£527,436	£452,088	£376,740
2 bed flat	70	£1,205,568	£738,410	£632,923	£527,436
3 bed flat	86	£1,481,126	£907,190	£777,591	£647,993
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

For Zone A (south, with some of the borough's highest values), at the top of the value range, a 50% discount would be insufficient to deliver First Homes of any size at a price of £420,000 or lower. In the middle of the range, studio homes could be delivered below the price cap with a discount of 50%, but no larger homes could be delivered, and a smaller discount would deliver nothing below the price cap. At the bottom of the range, studios could be delivered with the standard 30% discount, but a discount of 50% would be required to deliver 1-bedroom First Homes. There is no prospect of 2- or 3-bedroom First Homes being delivered in Zone A.

Zone B bottom of market value range (£900 per sq ft or £9,688 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£377,816	£264,471	£226,690	£188,908
1 bed flat	50	£484,380	£339,066	£290,628	£242,190
2 bed flat	70	£678,132	£474,692	£406,879	£339,066
3 bed flat	86	£833,134	£583,194	£499,880	£416,567
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

For Zone B (Camden Town and NW Camden), the lower market values create a rather better prospect of First Home delivery. Even at the top of the value range, studio flats could be delivered within the First Homes price cap at the standard 30% discount. A 40% discount could extend delivery to 1-bedroom First Homes, but even a 50% discount would be unable to deliver larger sizes. In the middle of the range, a 50% discount would enable 2-bedroom homes to be delivered within the price cap, but not 3-bedroom homes. At the bottom of the value range, studios and 1-bedroom flats could be delivered within the cap operating a 30% discount, but a 40% discount would be needed to deliver 2-bedroom homes, and a 50% discount would be required to deliver 3-bedroom homes within the First Homes price cap.

Zone C bottom of market value range (£1,050 per sq ft or £11,302 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£440,786	£308,550	£264,471	£220,393
1 bed flat	50	£565,110	£395,577	£339,066	£282,555
2 bed flat	70	£791,154	£553,808	£474,692	£395,577
3 bed flat	86	£971,989	£680,392	£583,194	£485,995
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

For Zone C (NE Camden, with the highest values for the borough at the top of the range), at the top of the value range, even a 50% discount would be insufficient to deliver First Homes at a price of £420,000 or lower. In the middle of the range, the picture is similar to the middle of the borough-wide range, a discount of at least 40% would be required to deliver First Homes, and these could only be studio flats (not larger homes). At the bottom of the range, studios and one-bed flats could be delivered with the standard 30% discount, but a discount of 50% would be required to deliver 2-bedroom First Homes below the £420,000 price cap. There is no prospect of 3-bedroom First Homes being delivered in Zone C.

Conclusion

A 50% minimum First Homes discount can be set in Camden without harming the overall viability of affordable housing or the proportion of affordable housing we are able to deliver. In some parts of the borough, even a 50% discount would be unable to deliver First Homes, but a 50% discount is justified because it would be needed to deliver any First Homes in some parts of the borough (Zone A mid value range), and in others it could enable 1-bedroom (Zone A bottom of value range), 2-bedroom (Zone C bottom of value range) or even 3-bedroom First Homes to be delivered within the £420,000 price cap (Zone B bottom of value range). A lower discount would not enable the delivery of 3-bedroom First Homes in any part of the borough.

Full set of First Home price analysis tables

CIL Zone	Sales value £ per sqft	Sales value £ per sqm
A lowest	£1,400	£15,070
A mid range	£1,825	£19,644
A highest	£2,250	£24,219

Zone A bottom of market value range (£1,400 per sq ft or £15,070 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£671,674	£411,400	£352,629	£293,857
1 bed flat	50	£861,120	£527,436	£452,088	£376,740
2 bed flat	70	£1,205,568	£738,410	£632,923	£527,436
3 bed flat	86	£1,481,126	£907,190	£777,591	£647,993
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

Zone A middle of market value range (£1,825 per sq ft or £19,644 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£766,128	£536,289	£459,677	£383,064
1 bed flat	50	£982,215	£687,551	£589,329	£491,108
2 bed flat	70	£1,375,101	£962,571	£825,061	£687,551
3 bed flat	86	£1,689,410	£1,182,587	£1,013,646	£844,705
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

Zone A top of market value range (£2,250 per sq ft or £24,219 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£944,541	£661,179	£566,725	£472,271
1 bed flat	50	£1,210,950	£847,665	£726,570	£605,475
2 bed flat	70	£1,695,330	£1,186,731	£1,017,198	£847,665
3 bed flat	86	£2,082,834	£1,457,984	£1,249,700	£1,041,417
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

CIL Zone	Sales value £ per sqft	Sales value £ per sqm
B lowest	£900	£9,688
B mid range	£1,050	£11,302
B highest	£1,200	£12,917

Zone B bottom of market value range (£900 per sq ft or £9,688 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£377,816	£264,471	£226,690	£188,908
1 bed flat	50	£484,380	£339,066	£290,628	£242,190
2 bed flat	70	£678,132	£474,692	£406,879	£339,066
3 bed flat	86	£833,134	£583,194	£499,880	£416,567
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

Zone B middle of market value range (£1,050 per sq ft or £11,302 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£440,786	£308,550	£264,471	£220,393
1 bed flat	50	£565,110	£395,577	£339,066	£282,555
2 bed flat	70	£791,154	£553,808	£474,692	£395,577
3 bed flat	86	£971,989	£680,392	£583,194	£485,995
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

Zone B top of market value range (£1,200 per sq ft or £12,917 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£503,755	£352,629	£302,253	£251,878
1 bed flat	50	£645,840	£452,088	£387,504	£322,920
2 bed flat	70	£904,176	£632,923	£542,506	£452,088
3 bed flat	86	£1,110,845	£777,591	£666,507	£555,422
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

CIL Zone	Sales value £ per sqft	Sales value £ per sqm
C lowest	£1,050	£11,302
C mid range	£1,675	£18,030
C highest	£2,300	£24,757

Zone C bottom of market value range (£1,050 per sq ft or £11,302 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£440,786	£308,550	£264,471	£220,393
1 bed flat	50	£565,110	£395,577	£339,066	£282,555
2 bed flat	70	£791,154	£553,808	£474,692	£395,577
3 bed flat	86	£971,989	£680,392	£583,194	£485,995
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

Zone C middle of market value range (£1,675 per sq ft or £18,030 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£703,158	£492,211	£421,895	£351,579
1 bed flat	50	£901,485	£631,040	£540,891	£450,743
2 bed flat	70	£1,262,079	£883,455	£757,247	£631,040
3 bed flat	86	£1,550,554	£1,085,388	£930,333	£775,277
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					
The amber cell indicates a discounted price marginally above the £420,000 maximum cap					

Zone C top of market value range (£2,300 per sq ft or £24,757 per sqm)

Bedrooms	Floor area	Market value	30% discount	40% discount	50% discount
Studio	39	£965,531	£675,872	£579,318	£482,765
1 bed flat	50	£1,237,860	£866,502	£742,716	£618,930
2 bed flat	70	£1,733,004	£1,213,103	£1,039,802	£866,502
3 bed flat	86	£2,129,119	£1,490,383	£1,277,472	£1,064,560
Red cells indicate discounted prices that would exceed the £420,000 maximum cap					

Appendix 3 - Camden Council Market and Affordable Housing Completions (net additions) from 2015/2016

Financial year	Social-affordable rent	Intermediate	Total affordable	Market	TOTAL (all additional homes)
2015/16	53	131	184	788	972
2016/17	82	57	139*	1124	1263
2017/18	143	112	255*	690	945
2018/19	227	39	266	561	827
2019/20	114	34	148	837	985
2020/21 ^P	107 ^P	11 ^P	118 ^P	315 ^P	433 ^P
TOTAL (all years)	726	384	1110	4315	5425
%ge of total homes	13.4%	7.1%	20.5% [#]	79.5% [#]	100.0%
%ge of total affordable homes	65.4%	34.6%	100.0%		
<p>* affordable completions for these years were subject to minor adjustments (1 home 2016/17, 3 homes 2017/18) following the publication of the 2017/18 Authority Monitoring Report</p> <p>^P figures for the 2020/21 financial year are provisional, returns have not yet been finalised</p> <p>[#] please note that an average of 40% of homes each year are delivered as part of developments each adding fewer than 10 homes in total, and policy requirements for on-site affordable housing do not apply to these developments</p>					

For reference, this is the nearest equivalent table in 2017/18 AMR, the last 3 years below coincide with the first three years above

Table 1. Affordable Housing completed, 2012/13 to 2017/18

Financial Year	Total number of completed self-contained homes including affordable housing		Affordable Housing Completed		Financial contribution in lieu of affordable housing received
	Gross*	Net	Gross	Net	
2012/13	832	591	377 (45%)	299 (51%)	Not available
2013/14	768	551	203 (26%)	202 (37%)	£6.7m
2014/15	685	521	82 (12%)	62 (12%)	£1.8m
2015/16	1,148	972	209 (18%)	184 (19%)	£16.1m
2016/17	1,395	1,263	151 (11%)	140 (11%)	£11.7m
2017/18	1,102	945	308 (28%)	252 (27%)	£2.9m

Appendix 4 - Theatre Square: DMR Housing Units Marketing Plan June 2019

Theatre Square: DMR Housing Units Marketing Plan

June 2019

Planning Permission 2014/1617/P

100 Avenue Road, London NW3 3HF



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Introduction

Section 3.2.1 of the S106 Agreement between Essential Living (Swiss Cottage) Ltd and the London Borough of Camden dated 10th August 2015 requires Essential Living to submit to the Council for approval a DMR Housing Units Marketing Plan and subsequently implement it for 9 months as approved or until Practical Completion. This document details how the Discount Market Rent (DMR) Units at Theatre Square, Swiss Cottage, will be marketed and let.

There are 18 DMR units in total, comprising 9 x 1 bed units and 9 x 2 bed units located in the lower block.

The lettings strategy will adhere to the DMR Qualifying Factors listed in part (b) of the Discounted Market Rent Housing Units Marketing Plan Definition.

Marketing programme

Marketing will commence as soon as we have practical completion on Theatre Square. This is scheduled for Q1 2022 at present.

Full lease up of the building is expected after 10 months, although Essential Living will endeavour to reduce this as much as is reasonably possible.

How will the units be advertised?

Leads for the DMR units at Theatre Square will be acquired through four main channels, as detailed below:

Directly from London Borough of Camden (LBC)

In the first instance, Essential Living welcome receiving any potential leads directly from LBC's Intermediate Housing Register, and would be happy to work with the Affordable Housing team in this regard.

Personal selling to local organisations

Relationships will be built with local organisations that may help acquire suitable leads for Essential Living. These will be businesses, organisations or local community groups who may be connected to an audience eligible for DMR units in Theatre Square.

These relationships will be built by the marketing and lettings team and will involve offering exclusive open days for leads to visit Theatre Square and view the apartments and amenities.

Property portals

Three listings will also be added to property portals – namely Zoopla and PrimeLocation – to advertise each of the DMR apartment types at Theatre Square.

Essential Living expects this channel to bring in a large volume of leads but many of which will be ineligible. As such, this channel may be held in reserve for the initial months and only used if PPC and personal selling falls short.

Pay Per Click advertising

Essential Living will launch a highly targeted Pay Per Click advertising campaign via Google Ads (supplemented by services such as Bing Ads more volume is required).

This campaign will be geotargeted to the London Borough of Camden and will only target those looking for affordable apartments to rent.

This campaign will be spread out over several months to ensure a manageable flow of leads to Essential Living.

These relationships will be built by the marketing and lettings team and will involve offering exclusive open days for leads to visit Theatre Square and view the apartments and amenities.

What process will be adopted when a potential DMR tenant contacts Essential Living?

Leads acquired through personal selling will be initially qualified for affordability and living/working location details face-to-face by the lettings team.

Leads acquired through Pay Per Click advertising will be captured via a landing page similar to the one used for another Essential Living scheme: <https://info.essentialliving.co.uk/uw-dmr>

Leads acquired through the property portals will be directed to another similar landing page where they can provide more details.

The forms on these pages will collect the lead's name and contact details, but importantly they will ask the lead for the eligibility criteria: their home postcode, work postcode and combined household income.

Once the form is submitted, the lead's data will be enrolled in an automated workflow set up within Essential Living's customer relationship management software. This workflow will take the lead's data and assess whether the lead meets the eligibility criteria, which is:

- Either lives since 12 months or works in the London Borough of Camden
Have been formally offered and who have formally accepted a contract of employment within the London Borough of Camden

Postcodes will be matched to a pre-defined list of those within the London Borough of Camden.

If this criteria is not met, the lead will be sent an email thanking them for their interest but informing them that they do not qualify for DMR.

If this criteria is met, then the lead will be marked as eligible for DMR and assigned a member of the lettings team, who will get in touch to qualify them further and book them in for a viewing.

Once the lead has viewed the property and they would like to rent at Theatre Square, the lead is directed to our third-party referencing agency, Keysafe, to undergo thorough reference checks. This will ensure that their eligibility for a DMR apartment is proven by the necessary paperwork.

How will viewings be conducted and by whom?

Viewings will be conducted by Essential Living's own lettings team.

Essential Living will create a 'sales walk' (exact route still to be defined once the building is more complete). This walk will consist of showing leads fully furnished show apartments first so they can get a feel for how the apartments will look once they've moved in, before they are taken to see any particular DMR units they are interested in.

After this the lettings negotiator will walk them around the shared amenity spaces and explain how they work.

The sales walk will finish in a space with seating so any questions can be answered and a decision can be made.

What references do Essential Living require?

Essential Living have a partnership with a referencing company called Keysafe.

Keysafe is part of a service industry, offering specialist skills in tenant vetting and associated services.

Alongside Keysafe, Essential Living will reference each applicant on address history and current residence, employment status and income verification, right to rent checks, CCJ searches and ID verification.

Keysafe usually take 24 hours to complete a full reference. Once a reference is completed, Essential Living are sent a report with a pass or fail.

It is important to note that Keysafe work towards Essential Living's set criteria, in particular affordability. The affordability criteria will be set and referenced against Camden's cap of £63,000.

There will be two income bands and affordability checks in relation to the DMR.

The first relates to 1 bed units. This is not to exceed 65% of open market rent level for an equivalent unit within the Development, such rent to be increased annually by the increase in Retail Prices Index.

The second band relates to 2 bed units. This is not to exceed 70% of open market rent level for an equivalent unit within the Development, such rent to be increased annually by the increase in the Retail Prices Index.

Our standard affordability reference of 2.5x the annual rent will not apply to DMR applicants, only to private rent.

How will the advertising strategy change after 9 months if there are still unlet DMR units?

Full lease up of the building is expected after 10 months, although Essential Living will endeavour to reduce this as much as is reasonably possible.

We feel that the channels we will put in place will easily deliver the leads needed to let the DMR units. This is based on our experience with these channels over the last 2 years as well as the increase in interest we should receive given the lower price point.

However, if the DMR units are not letting at the rate we hope for after 9 months, we will alter the advertising in the following ways to attract potential tenants from outside the borough:

Pay Per Click advertising

We will alter the targeting of the PPC advertising in order to reach a wider geographical target group. This will increase the flow of leads to Essential Living, and therefore the number of customer conversions as a result.

Personal selling to local organisations

We will widen our search for local organisations who can connect us with suitable leads into neighbouring boroughs.

Property portals

We will invest in featured ads on Zoopla as well as mailing a targeted list from their database.

Accept Applicants from Outside the Borough

Applications will be accepted from outside of the Borough. Essential Living will notify Camden if and when they intend to begin accepting applications from outside of the Borough.

Rent Reviews

Essential Living's Rent Review process provides tenants with as much certainty as possible regarding rent increases. Rent reviews are set out as a clause in Essential Living's Standard Assured Shorthold Tenancy, in the interest of clarity, the AST document is signed by DMR and PRS tenants alike.

Essential Living will covenant that DMR rent reviews do not exceed RPI per annum during the term of their tenancy.

Rent will be reviewed against open market rent annually and then discounted by the rate the unit had be attributed.

DMR tenants will adhere to Essential Living's standard moving in and moving out procedures.