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5-17 Haverstock Hill (Ref: 2020/5623/P)

Dear David

Thank you for sending over BPS's Addendum Report.

Following our discussions earlier this year, the primary purpose of the viability analysis undertaken by DS2 and BPS over the last 6 months was to demonstrate that the extant consent is not viable. Following the exchange of reports, we are pleased to note that BPS now agree this is correct.

Notwithstanding this key point of agreement, there are a number of statements and conclusions within the BPS Addendum which are not agreed. I do not propose to address all these issues in this letter but DS2 will issue a summary note by way of response in due course. BPS's assumptions around the benchmark land value are incorrect and not supported by evidence. Most notably, DS2 assess this conservatively at £9.35m based on Knight Frank's valuation (as appended to the DS2 report) whereas BPS believe it to be £4.385m (which is unaccountably below their own estimate of £6.5m in 2018 in respect of the extant consent).

At this stage, we do, however, need to specifically respond to BPS' assertion at paragraph 2.2 of the Addendum that *"on the basis of the applicant accepting a reduced profit return, it is possible that either scheme could potentially come forward as this would on our assessment still leave a net overall profit available"*. We strongly disagree with this assertion, which has not in any way been substantiated.

The extant scheme is not deliverable. Residential development in certain locations, especially those at a high price point like Haverstock Hill, has become an inherently risky proposition. In particular, the length of time that it currently takes to sell higher end residential units (as per the evidence provided in the DS2 reports) is a further source of risk. No developer would bring forward such a scheme accepting such a degree of risk for a sub-standard level of profit as proposed by BPS. This suggestion is not realistic.

The reality is that approving the application scheme will not give rise to a loss of any residential units within the extant permission, because the extant scheme simply will not come forward in the foreseeable future (and certainly not within NPPF deliverability timescales).

In contrast, whilst BPS conclude that the applicant's scheme is likewise not viable, it is the long term consistency of the income that can be generated by the hotel (and the fact that the income will be immediate) that makes the overall development viable and, importantly, deliverable now. The applicant has secured funding for the mixed use development and has received approval from its own internal investment committee to proceed, subject to securing planning permission.

Whilst we understand the Council's wish to consider viability matters, the application scheme represents a deliverable solution to this long time vacant site that will provide very significant public benefits and a far better outcome for Camden residents and businesses. Even when putting aside deliverability issues, the 22 social rented homes that the application scheme will provide versus the 9 in the extant permission is a relevant planning consideration which firmly tips the planning balance to approving this application. We note the BPS' report (para 1.6) acknowledges and considers "the above policy requirement affordable housing contribution in the proposed scheme to be of relevance in this application".

This is a developer that has closely listened to officer's advice over a long period of time. It has materially amended the proposals in response to officer comments, including the design review panel observations in September 2020, undertaken detailed viability assessments (when proposing an above policy level of affordable housing) and responded positively to each request from officers. We think that members should now be afforded the opportunity to consider what is a carefully crafted scheme that will actually reduce homelessness and support the revival of Camden Town centre.

With the above in mind, we would therefore request your confirmation by return that the application can now be supported by officers and will be referred to Committee at the very earliest opportunity in the New Year, ideally in January 2022.

Yours sincerely



Will Lingard
Senior Director