

Crescent Hotel

Socio-Economic Study

December 2022

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Executive Summary

Existing Site

The existing site consists of a 3-star, 27 room hotel building. As of 1st October 2022, the existing hotel use of the site has ceased operations.

The property on-site is Grade II listed and located within the Bloomsbury Conservation Area.

Proposed Development

The Proposed Development would convert the existing hotel into a shared living premises, renovating and converting the existing rooms and facilities for new residents, and adding four additional rooms.

The 31 shared living units that would have access to communal amenity space, kitchens, relaxation areas, laundry spaces, and external terrace and courtyard space.

Economic impacts

20

Construction jobs per year across the nine-month construction period.

£200k

Estimated residential spend per annum in LBC. Increasing expenditure by £50,000 in LBC compared to the previous hotel guest spend.

0

Change in direct jobs compared to the existing site in hotel use.

Social impacts



The Proposed Development can contribute to reducing feelings of social isolation in LBC through supporting a more communal way of life, involving the sharing of services and facilities, and encouraging social interaction.



The Proposed Development would protect the quality of the existing heritage site and help address issues of living standards deprivation in the local area.



The younger residents expected to occupy the Proposed Development would place a lower burden on social infrastructure than similar residential developments and diversify the population of an area typified by a number of hotels.

Existing hotel use

The existing hotel building is of poor quality

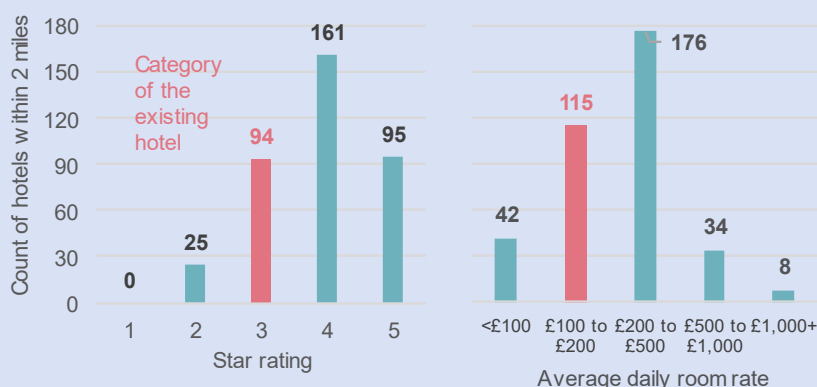
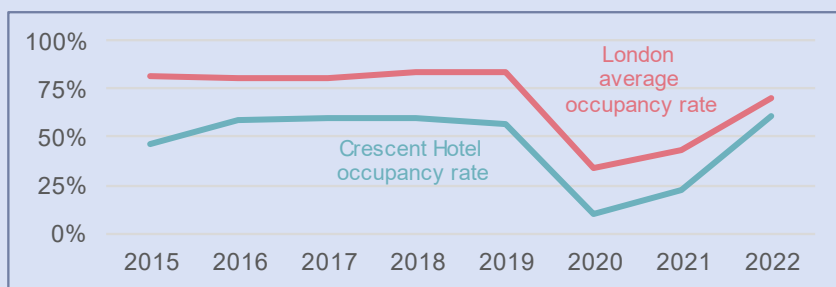
0.1% - The loss in hotel rooms in LBC resulting from the loss of the existing hotel.

94 - Number of 3-star (the same as the existing site) hotels within 2 miles.¹

115 - Number of hotels within 2 miles that have a similar room rate to the existing hotel.¹

531 - Hotel rooms on the same street (Cartwright Gardens) as the Proposed Development.

57% - Annual occupancy rate of the existing hotel (2019). Much lower than the London average (83%).²



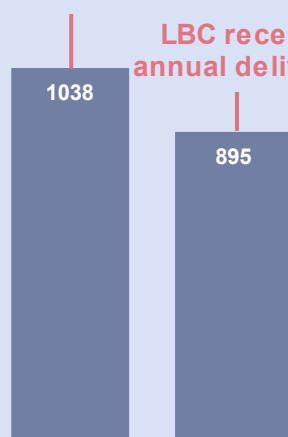
¹ Information collected by Volterra from various website platforms November 2022.

² Visit Britain, 2022. England Monthly Reports 2022 (including regional) and information provided by the Applicant.

The need for shared living accommodation

The need for housing in Camden

London Plan
annual need



LBC recent
annual delivery

- The London Plan 2021 identifies that LBC should plan for 10,380 net houses (2019 to 2028), equating to 1,038 units annually.⁵
- Over the last 5 years, LBC delivered on average 895 per annum.⁶
- An additional 143 units needed per year to meet the target.

The unaffordability of housing in Camden

£18,600 - Median annual rent in PRS (one-bedroom).⁷

£66,400 - Gross income needed to make average LBC rental housing affordable.⁸

19:1 - Ratio of median house prices to median gross annual earnings in LBC.⁹

- In response to rapid rises in house prices, **the private rental sector (PRS) has increased dramatically in London in recent years**
- However, **PRS accommodation is becoming increasingly unaffordable** for individuals in Inner London boroughs.
- **Shared living developments can offer a solution to the increasing unaffordability of housing**
- As of Summer 2022, 20 of the 33 London Boroughs have granted planning permission for shared living developments¹⁰
- 28% of LBC residents are aged 22-35 - the key target market for shared living accommodation compared to 23% across London.¹² The younger demographic can be retained without them having to accept lower quality PRS accommodation

Accounting for the cost of bills, the Proposed Development is:

1% - Cheaper than the average one-bedroom PRS property within the WC1H postcode.¹³

12% - Cheaper than the average one-bedroom PRS property in LBC.¹⁴

69% - Cheaper than the average online listing for one-bedroom PRS property in the Local Area.¹

Flexibility and convenience

- Flexible contracts make it easier for people to move in and settle down.
- A single fee for multiple on-site facilities, including bills.

Affordability

- Shared facilities make renting more affordable.
- Cost-sharing of typical fees such as utilities and council tax.

Sense of community

- Promotion of communal services offering residents social connection.
- Providing an alternative for single-person households who experience high rates of loneliness.

"Unlike flat shares and other types of shared living arrangements, co living explicitly seeks to promote social contact and build community"

- RSA, 2018. Co-Living and the Common Good.

⁵ Mayor of London (GLA), 2021. The London Plan.

⁶ DLUHC, 2021. Net additional dwellings and all dwellings estimates by local authority district.

⁷ ONS, 2022. Private rental market summary statistics in England.

⁸ Based on the GLA assumption that spending 40% of net income on rent is affordable and that net income is 70% of gross income. See GLA, November 2020. London Living Rent: Updated rent benchmarks for 2021/22.

⁹ ONS, 2022. House price to residence-based earnings ratio.

¹⁰ MHLG, 2021. English Housing Survey, tenure by region 2020/21.

¹¹ CBRE, 2022. Co-living in London: September 2022.

¹² ONS, 2021. Mid-Year Population Estimates 2021.

¹³ ONS, 2021. London Rental Statistics: Summary of monthly rents recorded between January 2020 and December 2020 by postcode district and bedroom category for London.

¹⁴ ONS, 2022. Private rental market summary statistics in England.

2. Introduction

Purpose of this report

- 2.1 Volterra Partners LLP has been commissioned by SLP Crescent Limited ('the Applicant') to provide an assessment of the shared living need and socio-economic impacts of the proposal to change the use and refurbishment the existing Crescent Hotel ('the Proposed Development') in the London Borough of Camden ('LBC') into shared living accommodation.
- 2.2 The aim of this report is to summarise the need for shared living accommodation on-site compared to the existing hotel accommodation, as well as the socio-economic impacts resulting from the Proposed Development. This report finds that the Proposed Development would not only have a positive impact on the local area when considered on a standalone basis, but would also be compatible with the London Plan criteria that any shared living development should ensure that it *"contributes towards mixed and inclusive neighbourhoods"*.¹

The site

- 2.3 The existing site consists of the existing property of 49-50 Cartwright Gardens. In recent years the site has been operated as the Crescent Hotel, a 27 room² 3-star hotel. The site is in need of refurbishment with the hotel being of poor quality, having historically underperformed as evidenced by its below London average occupancy rates. There are also a seven hotels elsewhere on Cartwright Gardens. As of 1st October 2022, the Crescent Hotel has ceased operation on the site, and the site is currently vacant.
- 2.4 The site is located towards the south of LBC, in proximity to King's Cross and St Pancras stations, and overlooks Cartwright Gardens, a designated London Square. It is in an area of high accessibility, with a TfL Public Transport Accessibility Level (PTAL) ranking of 6b (the highest available), is within the Bloomsbury Conservation Area and the Central Activities Zone.

The Proposed Development

- 2.5 The Proposed Development involves the conversion and change of use of the existing site into shared living accommodation, renovating the existing rooms and facilities of the hotel for new residents, converting these into shared living accommodation and developing four additional rooms. The residents within the 31 shared living units would have access to communal amenity space, kitchens, relaxation areas, laundry spaces, and external terrace and courtyard space. These units would be operated by a management company with significant experience providing high quality shared living accommodation in other cities internationally.
- 2.6 The planning description for the Proposed Development is as follows:

"Refurbishment and change of use of hotel (Class C1) to shared living (Sui Generis) with associated internal and external works, landscaping and cycle storage."

¹ Mayor of London (GLA), 2021. The London Plan.

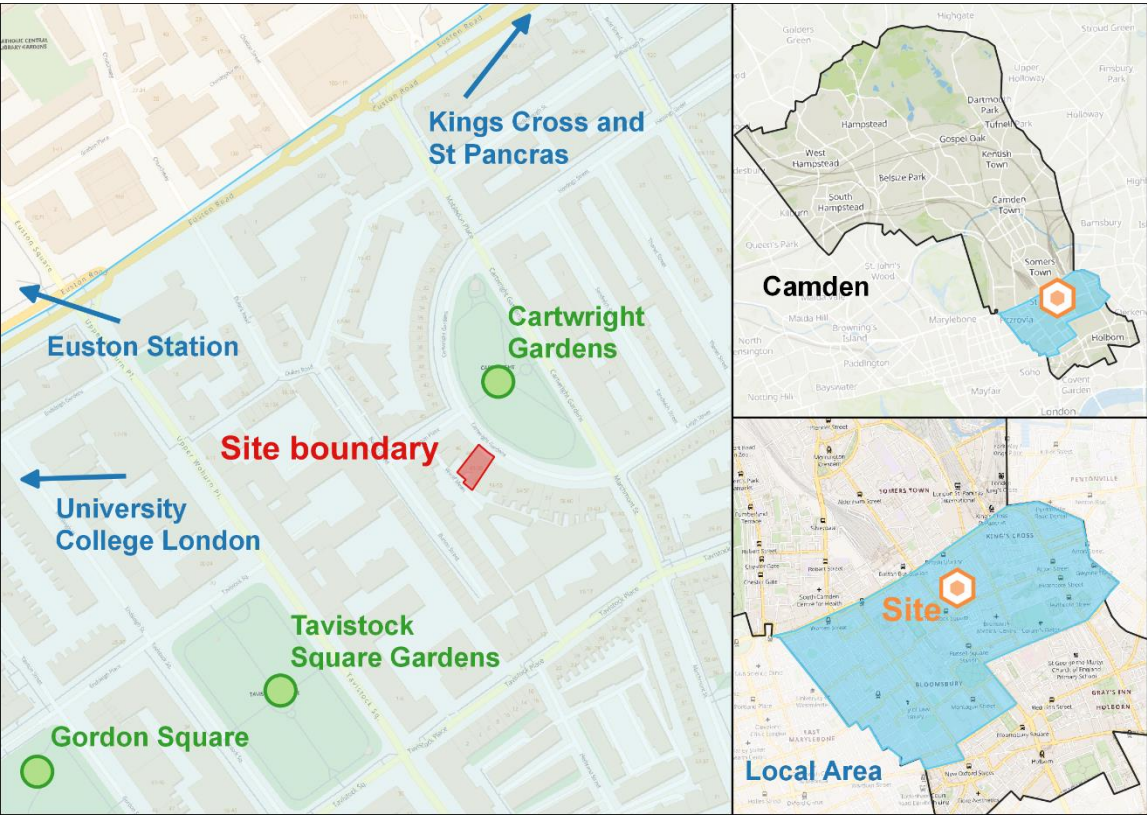
² The property contains 28 bedrooms, of which 27 were available for public rent and the remaining room was occupied by the previous owners of the property.

2.7 A variety of different study areas are referred to throughout this report. These study areas, along with justification for their inclusion in the analysis, are outlined in the table below and presented in **Figure 1**.

Table 1: Assessment study areas

Name	Definition
Local Area	The wards of Bloomsbury and King's Cross.
Borough	LBC
Regional	London
National	England

Figure 1: Site context map for the Proposed Development



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Structure of the report

2.8 The main body of this report is split into the following sections:

- **Existing hotel need:** the Proposed Development would result in the replacement of existing hotel accommodation with shared living accommodation (sui generis). This section provides a high-level

summary of the need for, and local supply of, hotel accommodation with a view to demonstrating that there is a sufficient supply of hotels in the Local Area and across LBC to meet targeted delivery.

- **The need for housing:** this section focuses on the general need for accommodation in LBC. It then assesses the contribution that the Proposed Development would have on the need for housing within the borough, in terms of both supply and affordability.
- **Shared living need:** assesses the need for shared living accommodation within LBC and the Local Area specifically. This section considers the evolution of trends in the shared living sector and the presence of other shared living accommodation locally.
- **Economic impacts:** estimates the additional economic impacts that would occur throughout the construction and operational phase of the Proposed Development.
- **Social impacts:** this section focuses on the social value that would be created as a result of the Proposed Development. This can be through many mediums such as reducing loneliness alongside diluting the current concentration of lower standard hotels in favour of a more balanced and diverse community. It also considers the wider impacts on local social infrastructure, as well as highlighting the employment opportunities generated for LBC residents as a result of the Proposed Development.

3. Existing hotel need

- 3.1 In recent history, the existing site has been operated as the Crescent Hotel, a 27 room three star hotel. As of 1st October 2022, the Crescent Hotel has ceased operations. The Proposed Development would result in the conversion of the existing property at the site to use as a shared living development. This section presents evidence on the hotel market and the need for hotel accommodation in the area local to the Proposed Development.

The hotel market in London and Camden

- 3.2 London is one of the world-leading destinations for both leisure and business visitors. In the Mastercard 2019 Global Destination Cities Index, it was ranked third in the world for the total number of international visitors and sixth in the world for total visitor spending.³ In 2019, 21.7 million international overnight visitors stayed a total of 119 million nights in the city. The number of visits to London grew by 87% between 2002 and 2019, whilst the number of nights stayed increased by 58%.⁴
- 3.3 As of January 2022, GLA Economics forecast visitor numbers in London (international and domestic) to exceed pre-pandemic (2019) levels by 2025; international and domestic expenditure is expected to reach pre-pandemic levels by 2026.⁵ Whilst some caution remains for business-led hotels, there is optimism for the outlook of leisure demand from both domestic and international visitors.⁶ Forecasts predict international arrivals to return to pre-pandemic levels by 2024, however current forecasts highlight uncertainty in how the market will respond following the pandemic.⁷
- 3.4 At the last point at which an audit of visitor accommodation was undertaken in London (for 2015), GLA Economics estimated that there were 18,038 serviced accommodation bedrooms in LBC.⁸ This corresponds to the second largest supply of all London boroughs (see Error! Reference source not found.) and corresponding to 12% of all serviced accommodation stock in London.
- 3.5 The relatively large stock of hotel rooms in LBC is underpinned by its Central London location and by the presence of some of the UK's most popular visitor attractions including the British Museum, Camden Market and Regent's Park (home to ZSL London Zoo).

³ MasterCard, 2019. Global Destination Cities Index.

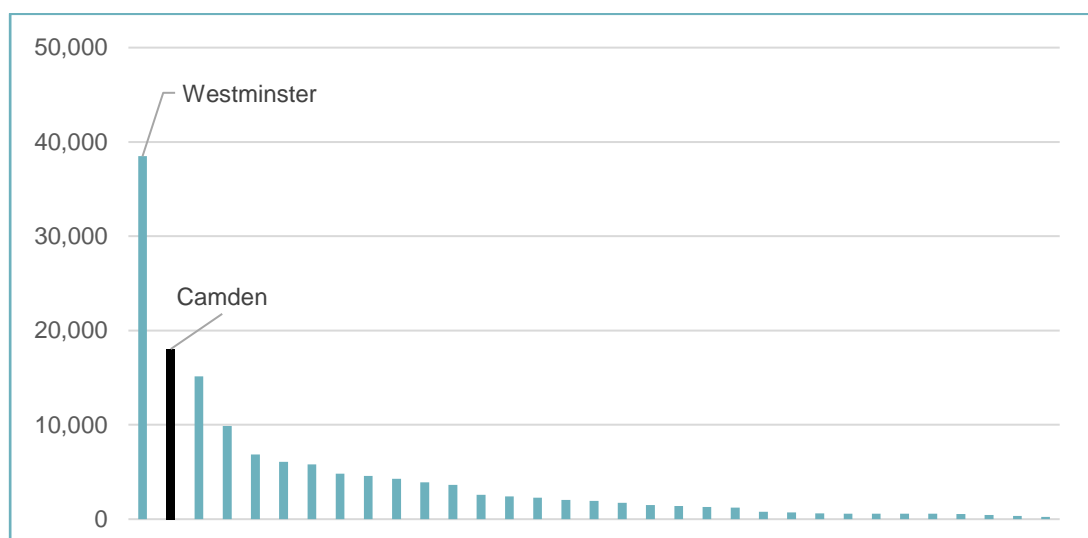
⁴ ONS, 2020. International Passenger Survey.

⁵ GLA Economics, 2022. London Tourism Forecasts.

⁶ Knight Frank, 2021. COVID-19 UK Hotel Market Recovery.

⁷ Hospitalitynet, 2022. London's tourism industry to see boost from £10 million campaign but COVID-19 challenges remain.

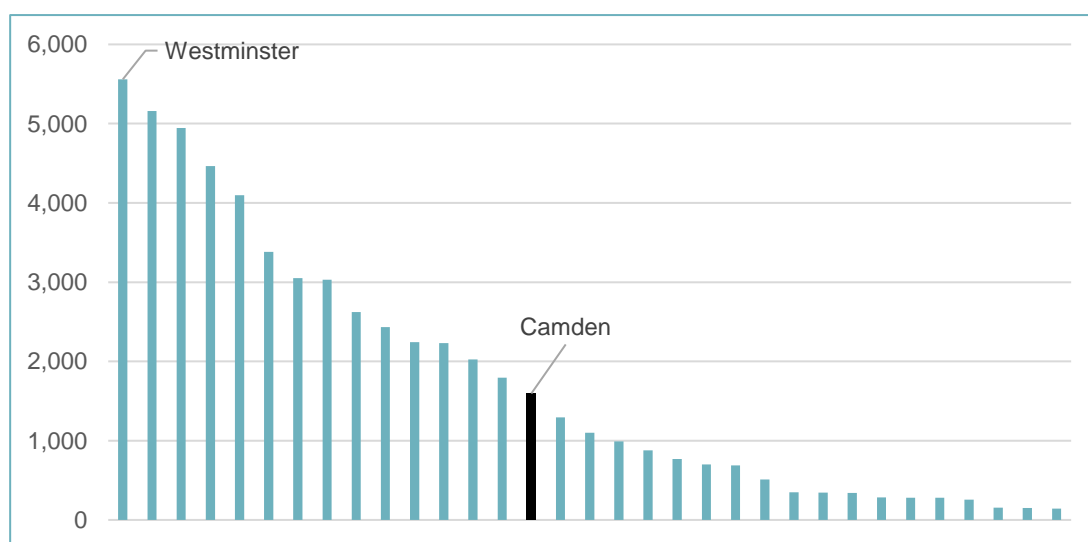
⁸ GLA Economics, 2017. Projections of demand and supply for visitor accommodation in London to 2050.

Figure 2: Number of serviced rooms by London borough, 2015

Source: GLA Economics, 2017. Projections of demand and supply for visitor accommodation in London to 2050.

3.6

GLA Economics forecast that over the period 2015-2041, LBC will face demand for an additional 1,595 serviced bedrooms to meet hotel demand.⁹ This places LBC as the London borough containing the 2nd highest share of serviced visitor accommodation rooms, and the borough facing the 15th highest future demand under GLA forecasts.

Figure 3: Additional serviced hotel rooms forecasts by London borough, 2015-2041

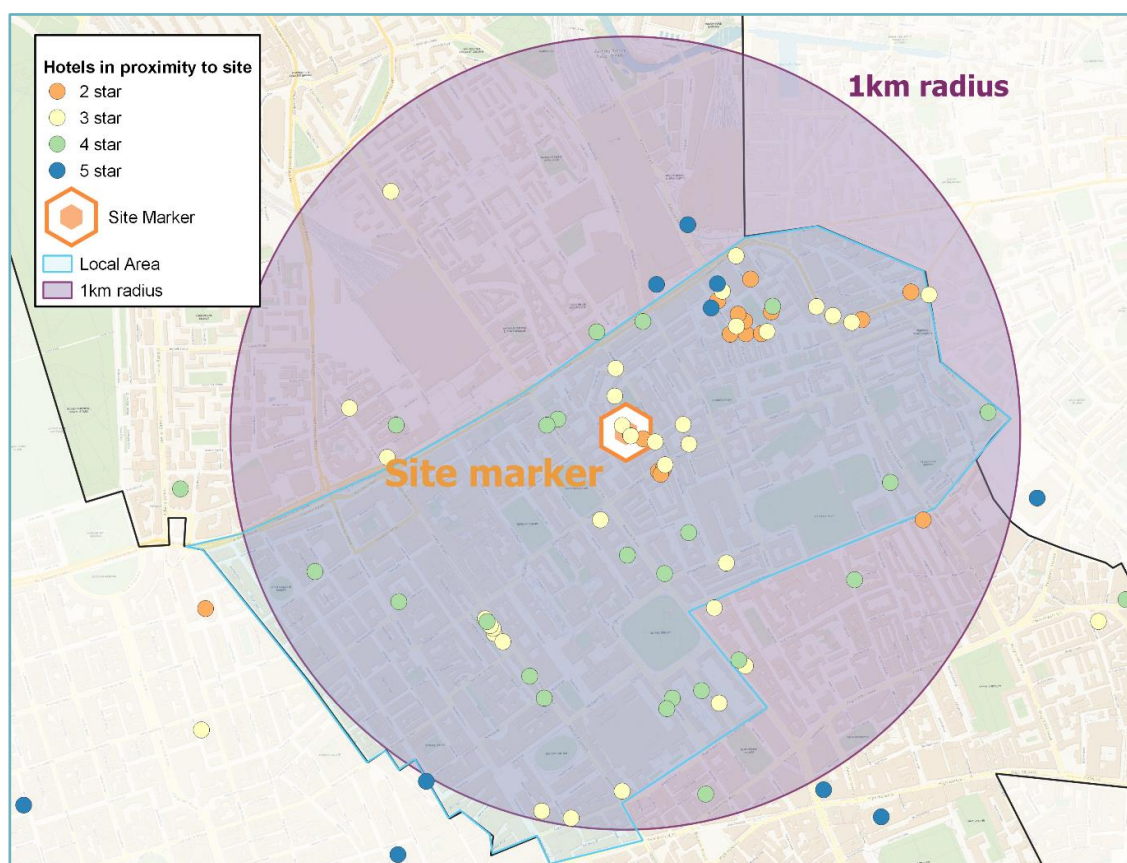
Source: GLA Economics, 2017. Projections of demand and supply for visitor accommodation in London to 2050.

⁹ GLA Economics, 2017. Projections of demand and supply for visitor accommodation in London to 2050.

Local hotel provision

- 3.7 The existing site lies in an area with one of the highest densities of hotels in London. The two wards of Kings Cross and Bloomsbury, which collectively make up the Local Area, contain a total of 64 serviced hotels advertising through online website platforms.¹⁰ Excluding the existing site, Cartwright Gardens contains a total of 34 separate properties, of which 7 (20.5%) are hotels currently advertising rooms on website platforms and all offer 2 or 3 star hotel accommodation which is similar to the Crescent Hotel. These 7 hotels on the street of Cartwright Gardens alone contain 531 hotel rooms.
- 3.8 **Figure 4** presents a map of the hotels surrounding the Proposed Development within a 1km radius. This area includes some of the most significant hotel properties in London, such as the Royal National Hotel, a 3 star hotel and the largest hotel in the UK with over 1,000 rooms, and the St Pancras Renaissance Hotel, one of the largest 5 star hotels in London with approximately 250 rooms. The majority of hotels within this radius are of a similar quality to Crescent Hotel.

Figure 4: The existing site in the context of surrounding hotels



¹⁰ Information collected by Volterra from various website platforms. This information may not present a complete picture of hotel provision, with some hotel operators not choosing to list hotels on popular online platforms, but this approach captures the majority of properties within Central London.

Source: Information collected by Volterra from various website platforms. NB: This information may not present a complete picture of hotel provision.

- 3.9 Before it closed down, the existing site supported a 27 room 3-star hotel named Crescent Hotel. As of 1st October 2022 the operation of the existing site as a hotel has ceased.
- 3.10 Within two miles of the site there are a minimum of 375 hotels currently offering serviced accommodation.^{Error! Bookmark not defined.} **Error! Reference source not found.**Figure 5 shows the profile of these hotels in terms of their star rating and average daily rate (ADR). This figure shows that the profile of hotels in the area surrounding the existing site offers a large number of hotels of a similar nature and price range to that of the previous Crescent Hotel. Within 2 miles of the site there are another 94 hotels with a 3-star rating, and 115 hotels operating at the approximate ADR of the existing Crescent Hotel of £100-£200.

Figure 5: Star rating of hotels within two miles of the site



Source: Information collected by Volterra from various website platforms. NB: This information was collected in November 2022 and may not present a complete picture of hotel provision.

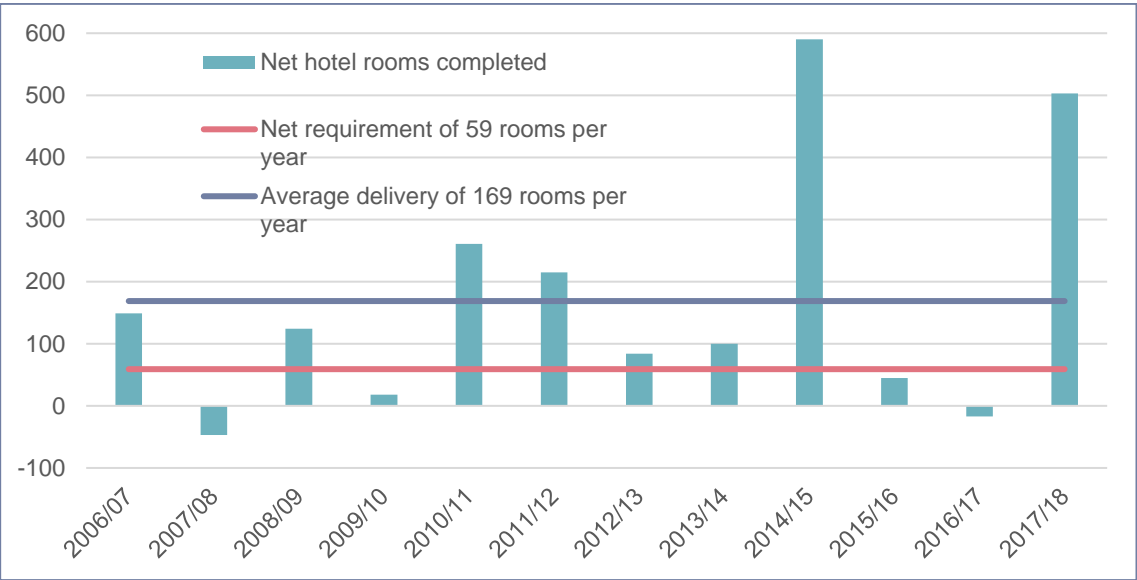
- 3.11 The most recently available information collected from London Planning Datahub highlights that as of March 2022, there was one hotel development generating more than 10 hotel rooms under construction in LBC.¹¹ This development is the proposed Hub by Premier Inn located on Camden High Street. There are a number of other hotels in LBC that are currently in the planning pipeline that have either not yet started construction or have not yet been granted planning permission. These include schemes located in Camden town centre by RE Capital (70 rooms) at Bayham Street, by Uchaux (59 rooms) at Regent’s Park Road, and by Premier Inn (80 rooms) at Camden High Street.
- 3.12 In recent years, LBC has seen the completion of a considerable number of hotel rooms. The LBC Regeneration and Planning Authority Monitoring Report 2017/18 identifies that over the period 2006/07 to 2017/18, there have been an average of 169 net additional hotel rooms delivered each year.¹⁸ Significant recent completions include the 389 bedroom Hub by Premier Inn Kings Cross, completed in 2017/18 and

¹¹ GLA, 2022. London Planning Datahub.

less than 1km from the Proposed Development, and more recently the 166 room underground ‘bunker hotel’ completed in 2021/22.

3.13 As identified above, GLA Economics has forecast that LBC requires an additional 1,595 serviced bedrooms to meet hotel demand over the period 2015-2041.^{Error! Bookmark not defined.} This figure corresponds to an average net delivery of 59 additional hotel rooms each year over the period. As shown in Error! Reference source not found., the historical rates of hotel room development in the borough have exceeded this figure, on average providing 169 net additional hotel rooms each year since 2006/07. After accounting for the 474 net hotel rooms completed from 2014/15 to 2017/18, of the 1,595 target only 474 extra rooms are required. Should rooms continue to be delivered at the same the average rate of delivery since 2006/07 the 474 rooms would be completed in just under three years.

Figure 6: Net hotel rooms completed annually in LBC

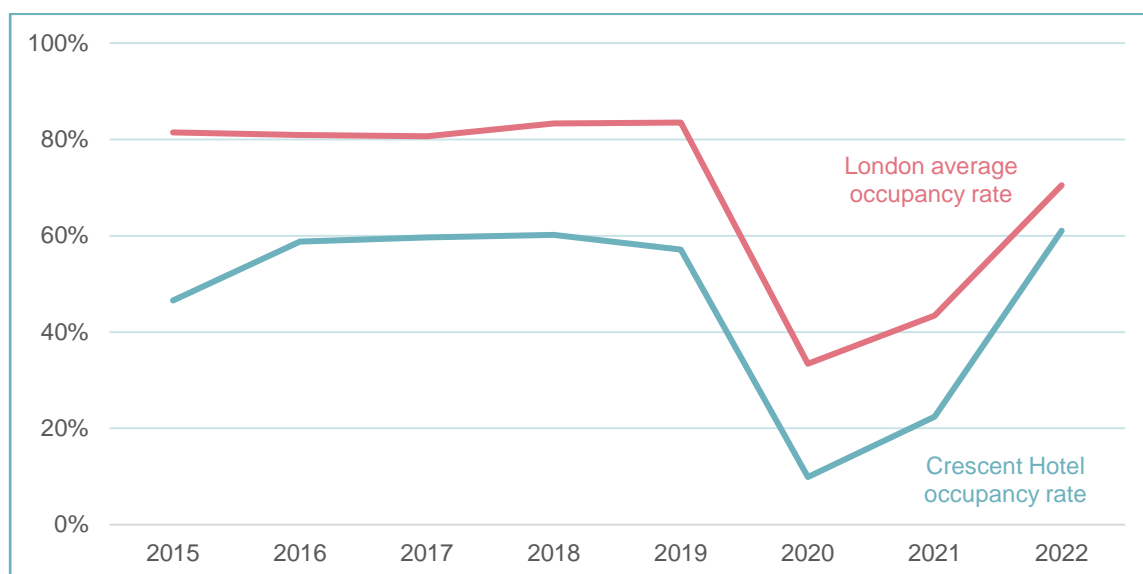


Source: LBC, 2019. Regeneration and Planning Authority Monitoring Report 2017/18 for completion figures. The net requirement has been taken from GLA Economics, 2017. Projections of demand and supply for visitor accommodation in London to 2050.

Occupancy at the existing Crescent Hotel

3.14 In 2019, pre-covid, the average occupancy rate on-site was just 57%.¹² This trend had persisted over the pre-pandemic period: between 2015 and 2019 the average annual occupancy rate was just 56%. This is considerably below the London average for 2019 which stood at 84%.¹³ As shown in Error! Reference source not found., the occupancy at Crescent hotel has been consistently low and at least 20 percentage points lower than the London average.

¹² Information provided by the Applicant.
¹³ Visit Britain, 2019. England Monthly Reports 2019 (including regional).

Figure 7: Annual occupancy rates at the existing Crescent Hotel

Note: For 2022, the London occupancy rate covers January to August whilst Crescent Hotel data covers January to September, both of which are the latest available. Sources: Visit Britain, 2022. England Monthly Reports 2022 (including regional) and information provided by the Applicant.

3.15

The hotel on-site is estimated to have an ADR of £133 and a three star quality rating. As shown above, there are 115 hotels within two miles of the site that fall within a similar price bracket, with 25% of the total 375 within two miles of the site also being rated three star. Considering the range and proximity of hotels in the immediate vicinity of the Proposed Development, the loss of the 27 room hotel would not result in a noticeable impact on the hotel market in the Local Area. Indeed, the loss of the existing Crescent Hotel would reduce the number of hotel rooms available across LBC by approximately 0.1%. The Crescent Hotel is also of a poor quality, with occupancy levels way below the London average. Additionally, as of 1st October 2022, the hotel has ceased operations. There are therefore good reasons to justify the loss of the hotel.

Summary impact of the Proposed Development on hotel provision

3.16

The Proposed Development would result in the conversion of the previous 27 room hotel on the existing site into shared living use (*sui generis*). As identified above, there are significant numbers of hotels in the area surrounding the Proposed Development of a similar size and type, with 531 hotel rooms on the same street as the Proposed Development alone. Given the condition of the hotel interior is of relatively poor quality, and that occupancy rates for the hotel have been below the London average for a number of years, the loss of the on-site hotel rooms would be thought to have minimal impact on the surrounding hotel market.

4. The need for housing

Housing need in LBC

4.1 The London Plan 2021 sets out 10 year targets for net housing completions from 2019/20 to 2028/29.¹⁴ The London Plan 2021 identifies that LBC should plan for the delivery of 10,380 net houses over this period, equating to 1,038 annually. In 2020-21, 509 net additional dwellings were delivered across LBC, just 49% of the London Plan's target.¹⁵

4.2 **Figure 8** shows how LBC's housing delivery is performing compared to local and regional targets. The five-year average of net additions to the dwelling stock has remained below both the LBC Local Plan (2017)¹⁶ and London Plan (2021)¹⁷ targets. Whilst the LBC Authority Monitoring Report (AMR) (2019)¹⁸ projects net housing delivery to rise above these levels from 2021-22 onwards it is unclear whether these forecasts will be achieved given that the 2020-21 delivery fell well short of the projected amount, albeit this was during the COVID-19 pandemic.

Figure 8: Housing delivery in LBC



¹⁴ Mayor of London (GLA), 2021. The London Plan.

¹⁵ Department for Levelling Up, Housing and Communities (DLUHC), 2021. Housing supply; net additional dwellings, by local authority district, England.

¹⁶ London Borough of Camden, 2017. Camden Local Plan.

¹⁷ Mayor of London (GLA), 2021. The London Plan.

¹⁸ LBC, 2019. AMR 2017/18.

Sources: DLUHC, 2021. *Net additional dwellings and all dwellings estimates by local authority district*; LBC, 2019. *Authority Monitoring Report (AMR) 2017/18*; Mayor of London (GLA), 2021. *The London Plan*.

Contribution of the Proposed Development

- 4.3 The London Plan (2021) provides guidance on how a shared living scheme should be considered when assessing its contribution to the overall supply of housing in London. This guidance identifies that non self-contained accommodation such as shared living (referred to as LSPBSL) should be counted towards housing targets on the basis of 1.8 shared living units being equivalent to one traditional self-contained unit.



“All other net non-self-contained communal accommodation should count towards meeting housing targets on the basis of a 1.8:1 ratio, with one point eight bedrooms/units being counted as a single home.”

Paragraph 4.1.9, London Plan (2021)

- 4.4 The Proposed Development would deliver 31 new shared living units. Under the London Plan conversion rate, these units would contribute the equivalent of 17 self-contained units towards meeting LBC's housing targets.
- 4.5 Against the London Plan target for the annual delivery of 1,038 additional homes from 2019/20-2028/29,³⁷ the Proposed Development would deliver 1.7% of one years' worth of the requirement for additional housing in LBC through the re-fit of the existing property.

Affordability of housing

Homeownership becoming out of reach

- 4.6 It is well documented that London has long been suffering from a shortage in the supply of quality housing.¹⁹ The need for housing across the city manifests itself in various ways and can lead to increased levels of homelessness, more young people living with their parents for longer periods, increased levels of overcrowding, acute affordability issues and impaired labour mobility in businesses finding it difficult to recruit and retain staff.²⁰

“Housing values have risen to a point in comparison with average earnings that has made buying increasingly unaffordable for many, especially young people, who wish to

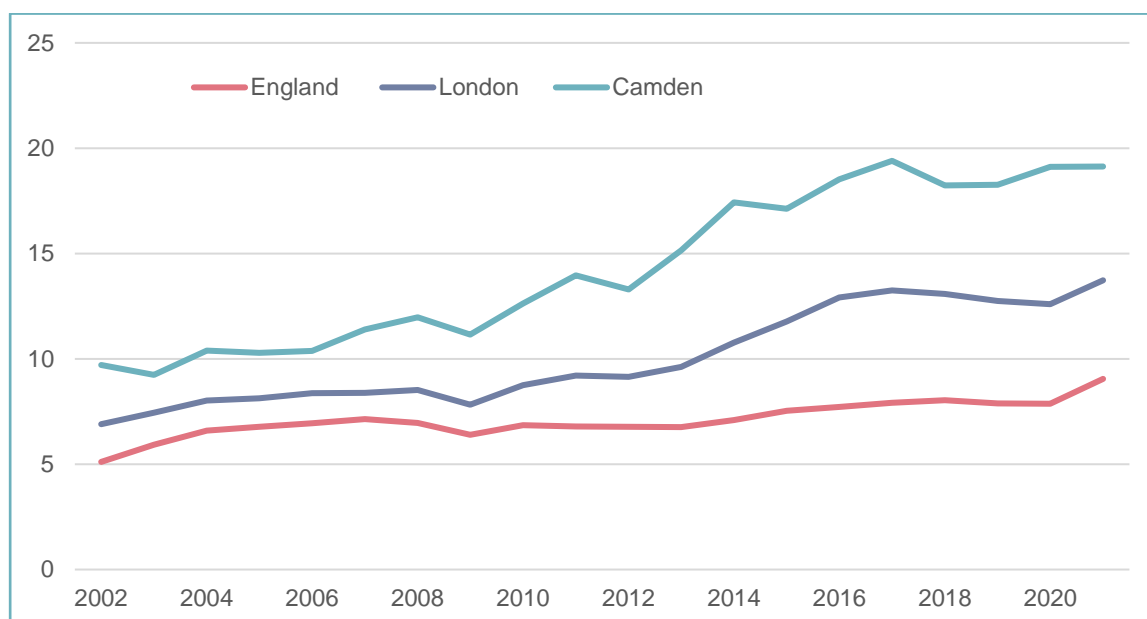
¹⁹ See, for example, GLA, 2018. *Tackling London's Housing Crisis*.

²⁰ UK Parliament (House of Commons), 2021. *Research Briefing – 'Tackling the under-supply of housing in England'*.

live in cities, close to their jobs and amenities.” - Savills (2022) Spotlight: UK Co-Living.²¹

4.7 Relative to annual earnings, house prices have risen rapidly over the last 20 years. **Figure 9** shows that this rise has been more acute in London compared to the rest of the country, with the median house price nearly 14 times higher than median annual earnings in the area. This affordability crisis is all the more evident in LBC, where house prices are currently over 19 times higher than average residential earnings in the borough.²²

Figure 9: Ratio of median house price to median gross annual earnings



Source: ONS, 2022. House price to residence-based earnings ratio. NB: No data are available for median resident earnings in the Local Area, however median house prices in the Local Area are significantly above those across the whole of LBC.

4.8 The Local Area is relatively more affordable than LBC as a whole, but still faces house prices significantly above those of London and England. In 2022, the median house price paid for a property in the Local Area stood at £638,750. This was significantly above the rate paid for property across London of £510,000.²³ However, this figure is likely driven by the distribution of type of properties sold. A greater share of purchases in the Local Area in 2022 were flats (81% of purchases) compared to the LBC average (75%). This is likely driving the lower average of house prices in the Local Area as a result of the relatively lower, on average, price of flats compared to other types of housing.

²¹ Savills. 2022. Spotlight: UK Co-living – A market poised for huge growth.

²² ONS, 2022. House price to residence-based earnings ratio.

²³ Volterra analysis using HM Land Registry, 2022. Price Paid data.

Table 2 Average price of property in the Local Area compared to LBC and London

	Median price in 2012		Median price in 2022		Price growth (% 2012-2022)	
	Flat	All property	Flat	All property	Flat	All property
Local Area	£406,000	£410,000	£528,000	£638,750	30%	56%
LBC	£450,000	£500,000	£665,000	£765,000	48%	53%
London	£270,000	£300,000	£423,000	£510,000	57%	70%

Source: Volterra analysis using HM Land Registry, 2022. Price Paid data.

Affordability within the PRS

4.9 The shortage of housing and rising house prices are pushing more people into the private rental market. As of 2022, ONS data show median monthly rental prices in London remain well above the national average, at £1,450 on average in London compared to £795 nationally.²⁴ The return of people to London following the lifting of restrictions has further driven rents upwards, with Zoopla reporting a 18% increase in rental rates across the capital in the last year alone, compared to 12% nationally.²⁵ To address rising rental rates, additional supply of housing is needed in the private rental sector (PRS).

4.10 Renting is also relatively more expensive in LBC. From April 2021 to March 2022, the median monthly rental rate for all homes in LBC was £1,750.²⁶ Rents in LBC are above both the London (21% higher) and national (120% higher) averages.

4.11

²⁴ ONS, 2022. Private rental market summary statistics in England.

²⁵ Zoopla, 2022. Renters look for smaller homes in cost of living squeeze.

²⁶ ONS, 2022. Private rental market summary statistics in England.

- 4.12 **Table 3** shows that despite having high earnings, on average, LBC residents pay a higher proportion of their income on rent than both the London and national average based on the rent for a one-bedroom house. This highlights the important role that reducing rental prices, alongside raising incomes, can play in tackling issues of affordability.
- 4.13 In their updated rent benchmarks, the GLA state that for rental values to be considered affordable, they must be equivalent to no more than 40% of a household's net income.²⁷ When considering this benchmark against current household incomes, the median LBC household would have to spent 66% of their net income to afford the median one bedroom property in the borough. This figure is significantly above the affordability benchmark as well as the London (56%) and national (38%) averages.²⁸

²⁷ GLA, November 2020. London Living Rent: Updated rent benchmarks for 2021/22. This paper also provides a conversion factor to adjust between gross income (pre-tax income which is reported in data) and net income (post-tax income). Under this paper a households net income is approximately equal to 70% of gross income. This factor has been applied here.

²⁸ VOA, 2018. Private rental market summary statistics.

Table 3: Proportion of gross earnings spent on rent (2021)

Area	Median net earnings* (full-time workers)	Median annual rent (one-bedroom)	% of average net earnings required to rent average 1 bedroom property	Median gross earnings for average one-bedroom rent to be affordable
Camden	£28,000	£18,600	66%	£66,400
London	£26,250	£14,700	56%	£52,500
England	£22,050	£8,400	38%	£30,000

*Note: figures may not sum due to rounding. Sources: ONS, 2022. Annual Survey of Hours and Earnings; ONS, 2022. Private rental market summary statistics in England. * net earnings estimates have been calculated from gross earnings data using the GLA conversion factor of 70%.*

4.14 Current residential property listings on a popular website show the lack of convenient and affordable housing in the Local Area. Based on information collected in November 2022, there are a total of 134 PRS properties listed within the Local Area.²⁹ For these listings the median rental rate for all property stands at £3,142 per month, with the median rental rate for one bedroom accommodation at £2,340 per month. Under GLA benchmark levels, the gross income required to make this rental rate affordable would be more than £100,000.

4.15 It is likely that rental rates in online listings overestimate the average rental rates paid for by residents, with properties available online at any time being those that no potential residents have yet thought worth paying the listed asking price. However, the finding of very high rental rates for one bedroom properties is corroborated by ONS data on the average rental rate paid across different postcode districts.³⁰ These data show that in 2020, the median rental rate paid for a one bedroom residential property in the WC1H postcode district was £1,398. This figure was more than 20% above the average PRS rate paid across London for one bedroom property of £1,161 in the same period.

Table 4: Online PRS listings in the Local Area

Number of bedrooms	Number of listings (November 2022)	Median rental rate per month	Gross income required for median rate to be affordable
1	78	£2,340	£100,300
2	45	£3,690	£158,100
3	11	£5,417	£232,100
All listings	134	£3,142	£134,700

Source: Information collected by Volterra from popular PRS listing website in November 2022.

²⁹ This information has been collected by Volterra from popular PRS listing website in November 2022. This data do not reflect a complete picture of rental rates within the PRS, but instead provide a snapshot into the types of listings that are put online.

³⁰ ONS, 2021. London Rental Statistics: Summary of monthly rents recorded between January 2020 and December 2020 by postcode district and bedroom category for London.

Affordability of the Proposed Development

- 4.16 The Applicant has identified that the Proposed Development would provide shared living units at an average gross monthly cost of £1,995 per calendar month (pcm).³¹ This gross rent includes the shared amenities on offer at the Proposed Development, as well as utilities bills and council tax. The net rent of shared living units at the Proposed Development excluding these bills (including utilities bills of heating, electricity and water, and Council Tax) would total approximately £1,385 per month, or £16,615 per year.
- 4.17 From a comparative affordability standpoint, comparing the gross rent of a shared living unit with the rent for a standard residential unit is not considered reasonable given the nature of the shared living offer. Shared living accommodation includes a considerably higher number of shared amenities within the gross rent. These amenities are included in the offer along with utilities such as water, internet, heating and council tax.
- 4.18 The shared living 'all-inclusive' product typically costs more when comparing to the gross housing costs for other forms of housing that do not include expenditure on bills and utilities, for example. A significant benefit that this 'all-inclusive' product does offer for members, however, is the convenience. Residents no longer have to spend time and money searching for utilities providers for example, as it is all done centrally in house by the Applicant. Once accounting for this operational expenditure, net rental values amount to £1,385 per month on average at the Proposed Development. Net rent is considered a better comparator against other types of residential products, as most often homes in the PRS do not include utilities and council tax, let alone other amenities.
- 4.19 **Table 5** presents a comparison of the average net rental rate at the Proposed Development to existing accommodation in the Local Area and across LBC. This table shows that when compared to existing 1 bedroom and studio accommodation in both the Local Area and LBC, the Proposed Development is relatively more affordable. As of 2021/22, the median rental rate for one bedroom and studio property across LBC stood at £1,550, which is 12% more expensive than the net rental rate of the Proposed Development.³² When compared to other accommodation such as that listed on Rightmove, the Proposed Development offers a considerably cheaper option. This would provide a flexible, convenient and affordable solution to many working professionals looking to live in the Local Area.

Table 5: Comparing the Proposed Development to the existing PRS

Comparator accommodation	Current average rent per month	Comparison to net rent at the Proposed Development
Rightmove 1 bedroom flats	£2,405	73% +
Rightmove studio accommodation	£2,058	49% +
PRS recorded rents for 1 bedroom and studio property in WC1H postcode 2020	£1,398	1% +
PRS recorded rents for 1 bedroom and studio property in LBC 2020	£1,525	10% +
PRS median rent for 1 bedroom and studio property across LBC 2021/22	£1,550	12% +

³¹ This figure is an average across all units at the Proposed Development. In reality, there is likely to be variation on the rental rates charged between smaller and larger units.

³² ONS, 2021. London Rental Statistics: Summary of monthly rents recorded between January 2020 and December 2020 by postcode district and bedroom category for London.

Comparator accommodation	Current average rent per month	Comparison to net rent at the Proposed Development
PRS median rent for all property across LBC 2021/22	£1,750	26% +

Source: ONS, 2021. London Rental Statistics: Summary of monthly rents recorded between January 2020 and December 2020 by postcode district and bedroom category for London; ONS, 2022. Private rental market summary statistics in England.

5. The need for shared living

- 5.1 Shared living (sui generis) is a form of housing that consists of private rooms that have access to communal spaces and facilities. Shared living units are different to self-contained housing (use class C3) in that, the units not designed to be self-contained themselves, sit alongside communal living areas, with shared facilities such as kitchens, dining areas and recreation spaces. Shared living units differ from houses in multiple occupation (HMOs) due to the size of the developments, the level of management provided to residents, and the scale and diversity of communal spaces and facilities.

“[Shared living is defined as] a form of build to rent housing modelled on student housing but available to a wider range of occupiers. Typically it will contain compact flats that fall below the minimum space standards for housing made available by the Government in the nationally described space standard, but will provide more generous shared spaces and opportunities for communal activities.” - Camden Planning Guidance (2021) Housing³³

- 5.2 Shared living aims to provide a different model of accommodation to support residents looking for a more communal approach to housing, and can provide more affordable or flexible alternatives than traditional self-contained housing units. For example, shared living can provide an alternative to those who would otherwise occupy HMO properties. As recently as December 2022, LBC Council have noted the need to increase the number of family-sized homes in Camden.³⁴ Within LBC, 90% of HMOs with active licences have three bedrooms or more.³⁵ The provision of an attractive, high-quality, shared living alternative can help to free some of these larger homes up for other occupants such as families, enabling the Council opportunities to reduce overcrowding in homes by increasing the amount of available family-sized accommodation.

“Large-scale shared living developments may provide a housing option for single person households who cannot or choose not to live in self-contained homes or HMOs. [...] Large-scale purpose-built shared living developments are generally of at least 50 units. This type of accommodation is seen as providing

³³ London Borough of Camden, 2021. Camden Planning Guidance: Housing.

³⁴ Camden Newsroom, 2022. Camden set to take urgent action to reduce overcrowding as Cabinet asked to agree £130m investment in family homes. Accessible at: Camden set to take urgent action to reduce overcrowding as Cabinet asked to agree £130M investment in family homes.

³⁵ LBC, 2022. HMO Licensing Register.

an alternative to traditional flat shares and includes additional services and facilities.” - London Plan (2021)¹

Local policy

- 5.3 Shared living is a relatively new concept in London. As such, the policy context underpinning these types of developments is only just beginning to emerge.
- 5.4 The GLA is currently consulting on the development of specific guidance on shared living development. The Draft London Plan Guidance Large-scale Purpose-built Shared Living (2022) has been developed in response to co-living development gaining momentum in the city, but not falling under existing housing standards.³⁶ Although this guidance has not yet been adopted, it provides an indication of the types of shared living promoted by the GLA for development.
- 5.5 This guidance provides design and management standards for shared living development in addition to London Plan Policy H16, and identifies that to determine the suitability of shared living development, boroughs should “consider the impacts of the need for delivery and servicing and impact on transport infrastructure and other services”. **Although the Proposed Development does not meet the 50 unit threshold to be considered large-scale, so is not required to be compliant with the criteria, it is still important to be aware of the wider policy context.**
- 5.6 The Camden Local Plan does not directly refer to shared living in policy guidance, but does identify purpose-built student housing as meeting a need for accommodation across the borough, with student housing forming part of LBC’s overall housing target under the Local Plan.³⁷ During pre-planning application engagement, LBC has indicated that the accommodation at the Proposed Development would need to meet Camden Local Plan Policy H10 housing with shared facilities, and in particular the requirement to comply with statutory communal facility and amenity space standards for HMOs.

The growth of the PRS

- 5.7 Over the past 20 years, there has been large shifts in the residential market in London towards rental accommodation. The increasing unaffordability of housing as outlined above has led to an increase in the share of households renting accommodation through the private rental sector.
- 5.8 As shown in **Figure 10**, the share of households that owned their own homes in London has fallen from 61% in 2003/04 to 51% in 2020/21, with the proportion of private rental accommodation increasing from 14% to 27% over the same period.³⁸ This shift has occurred nationally, but is particularly pronounced in England’s largest and fastest growing cities.³⁹ The trend towards private rental accommodation is occurring across all age groups, with the English Housing Survey reporting that every 10-year age group of residents in England had lower rates of homeownership in 2021 than in 2009.⁴⁰

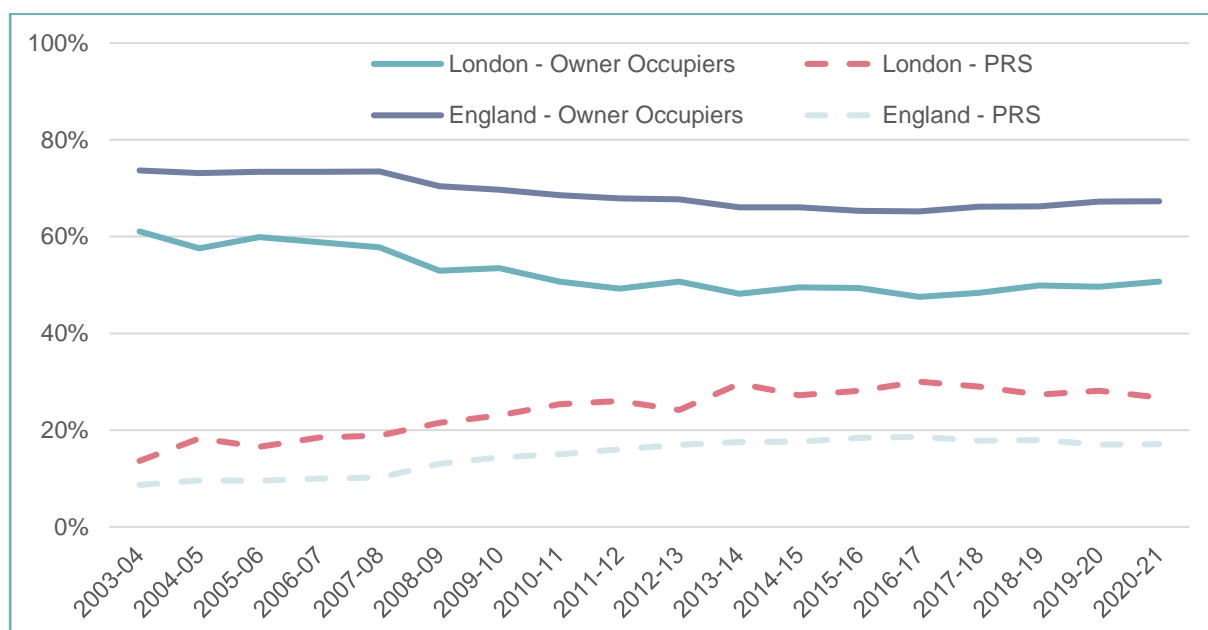
³⁶ GLA, 2022. London Plan Guidance: Large-scale Purpose-built Shared Living.

³⁷ London Borough of Camden, 2017. Camden Local Plan.

³⁸ DLUHC, 2021. English Housing Survey 2020-21, Tenure by Region.

³⁹ DLUHC, 2022. White Paper: A Fairer Private Rented Sector.

⁴⁰ DLUHC, 2022. English Housing Survey 2021 – Table FA1201.

Figure 10: Trends in household tenure across London

Source: MHLCG, 2021. English Housing Survey, tenure by region 2020-21; NB: figures do not sum to 100% as social housing tenures are not included in the chart.

The existing poor quality PRS stock

- 5.9 The existing PRS stock is dominated by small scale landlords, who operate in the PRS as a secondary activity. This results in a fragmented PRS where there is wide variation in the quality of properties and the level of maintenance.
- 5.10 The current composition of landlords may give indication to a lack of experience leading to the poor quality of existing PRS stock.
- Type of landlord - 94% of landlords are individuals or a group of individuals.
 - Number of properties - 43% of all landlords rented only one property.
 - Years of experience - Of this 43%, 81% had been a landlord for 3 years or less.
 - Accidental landlords - Only 52% of landlords bought their first rental property with the intention of letting it out 35% bought it to live in themselves and 7% inherited it.
- 5.11 The PRS remains the tenure where dwellings are most likely to fail the Decent Homes Standard.⁴¹ To meet the Decent Homes Standard, a dwelling must:
- Meet the statutory minimum standard for housing under the Housing Health and Safety Rating System (HHSRS). Homes with a Category 1 hazard under the HHSRS are considered non-decent;
 - Be in a reasonable state of repair;
 - Have reasonably modern facilities and services; and
 - Provide a reasonable degree of thermal comfort.

⁴¹ DLUHC, 2021. English Housing Survey: Private rented sector, 2021-21.

- 5.12 23% of the PRS housing stock would likely not meet the Decent Homes Standard. This is notably higher than in both owner occupation (14%) and the social rented sector (11%).⁴² The most common reason for PRS properties not meeting this standard was the presence of a category 1 hazard which represents a serious or immediate risk to a person's health and safety. Again, these were more prevalent in PRS dwellings (13%) compared to owner occupied (9%) and social rented (5%) dwellings.
- 5.13 Given the on-going cost of living crisis, which is being driven by rising energy prices, the energy efficiency of dwellings is becoming increasingly important. The Energy Performance Certificate (EPC) rating is split into a banding system where band A represents the highest energy efficiency and band G the lowest. In 2020, similar proportions of PRS and owner-occupied tenures lived in dwellings in bands A to E, but PRS occupiers (4%) were more likely to live in the least energy efficient dwellings, rated F or G, than owner occupiers (3%). Additionally, PRS occupiers generally lived in less energy efficient dwellings compared with social renters, 63% of social renters lived in dwellings rated in band C compared to 39% of PRS occupiers, with only 1% of social renters living in the least energy efficient bands F or G.⁴³
- 5.14 The Proposed Development offers a strong alternative to these issues. The operator has significant experience providing high quality shared living accommodation globally. Also, the design will go above and beyond the minimum requirements set out by the Decent Homes Standard to ensure that residents are comfortable and safe.

The benefits of shared living

- 5.15 Against this backdrop of rising house prices, and a growing private rental sector, shared living has emerged as a potential alternative to traditional models of homeownership. Although the sector is still in its infancy, there are an increasing number of shared living schemes being delivered across London and nationally. As of summer 2022, 20 of the 33 London boroughs have granted planning permission for shared living developments.⁴⁴ According to research by JLL, there were already more than 23,000 shared living bedrooms already being operated or under construction across Europe in 2019, with more than 20% of these in London alone.⁴⁵
- 5.16 The principle behind shared living is not new. Difficulties for many people securing housing in cities and the quality and availability of existing housing has led to increasing numbers of people looking to take advantage of the offer of shared living. Shared living is an alternative to many of the traditional forms of self-contained and HMO-style residential units. Shared living contains relatively more residents in larger properties than traditional HMOs which, by virtue of the private units themselves designed not to be self-contained, allows greater opportunities for residents to socialise in the associated shared communal facilities.
- 5.17 The shared living offer is attractive to a number of different types of residents. Current survey evidence shows that shared living accommodation is particularly popular amongst young professionals, who are increasingly working and living more flexibly, and travelling and re-locating more frequently.⁴⁶ In LBC, 28% of residents are aged 22-35, commonly considered to be the key target market for shared living accommodation, compared to 23% across London and 19% nationally.⁴⁷ There is an even higher share of this age group in the Local Area where more than a third of residents aged 22-35. **Figure 11** highlights that

⁴² Ibid.

⁴³ Ibid.

⁴⁴ CBRE, 2022. Co-living in London: September 2022.

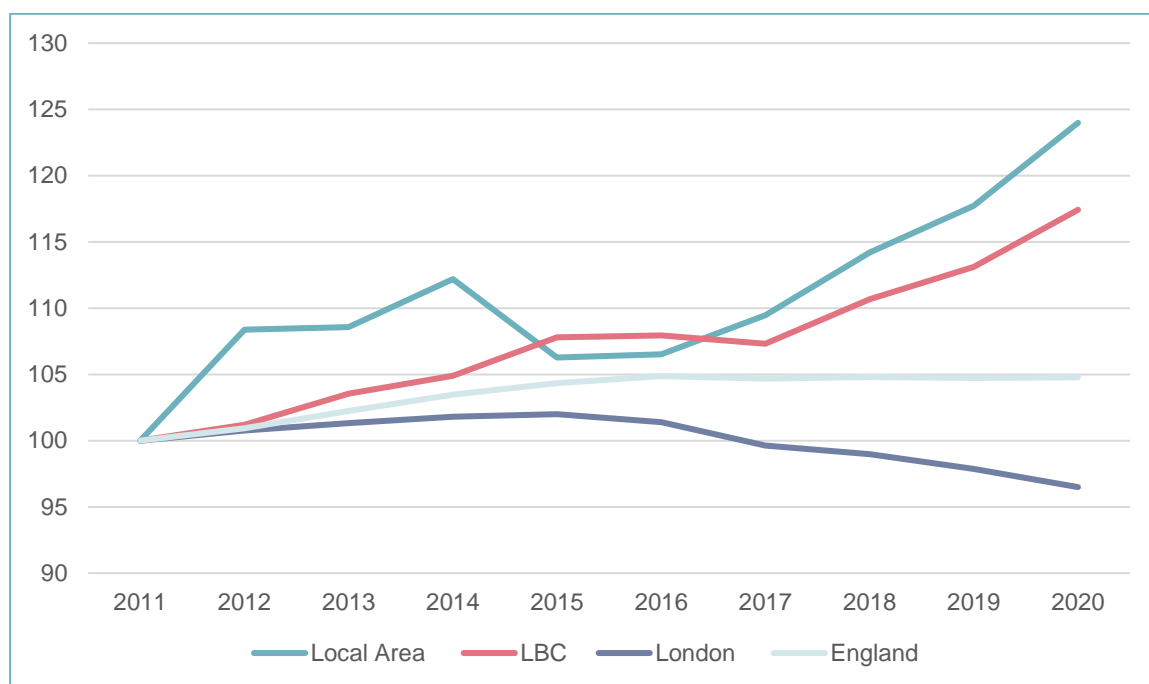
⁴⁵ JLL, 2019. European Coliving Index 2019.

⁴⁶ Knight Frank, 2022. Co-Living: Rent a Lifestyle.

⁴⁷ ONS, 2021. Mid-Year Population Estimates 2021.

the number of 22-35 years olds in both the Local Area and LBC has increased at a greater rate than the London and National averages.

Figure 11: Indexed growth of 22-35 year olds (100=2011)



Source: ONS, 2021. Mid-Year Population Estimates 2021.

5.18

Although young professionals form the bulk of the residents at shared living units in London, this form of accommodation can be attractive to a number of other types of residents. This includes groups of people such as the following:

- **Downsizers** – seeking to move from larger family properties into smaller residential units;
- **Privacy-seekers** – seeking a level of privacy that they otherwise could not afford in the PRS;
- **Convenience and flexibility-seekers** – attracted to immediate, flexible housing contracts (previous evidence has shown this type of accommodation to be popular with divorcees, for example⁴⁸); and
- **Community seekers** – seeking a communal form of living with more social contact and opportunities to meet other people than in typical one-bedroom accommodation.

5.19

There are a range of reasons why shared living accommodation can be attractive to different population groups. The most significant of these can be summarised as flexibility and convenience, affordability, and a sense of community.

⁴⁸ Gravitas Living, 2022. Evidence on Co-Living.

Flexibility and convenience

- Flexible contracts that make it easier for people to move in and settle down.
- A single fee for multiple on-site facilities, including bills and cleaning services.

Affordability

- Shared facilities make renting more affordable.
- Inclusion and cost-sharing of typical fees such as utilities and council tax.

Sense of community

- Promotion of communal services offering residents social connection.
- Providing an alternative for single-person households who experience high rates of loneliness.

- 5.20 The flexibility offered by shared living units provides the opportunity for individuals moving into areas they want to live, and where they require no ties or existing networks to quickly find accommodation. Reducing the burden of moving when people are coming to new places can really help people access job and educational opportunities in a less stressful way.
- 5.21 Shared living units provide an affordable way for individuals to access areas and quality of housing that would otherwise be unaffordable. Through sharing communal services and expenditure on bills and utilities, shared living units deliver significant cost savings when compared to similar single-person accommodation. Often areas such as King's Cross would be out of reach for single-person households – shared living provides individuals with an affordable way of living in areas such as this.
- 5.22 One of the key benefits of shared living accommodation is its focus on communal living. Traditional self-contained forms of housing atomise people from one another. As identified in the *Co-Living and the Common Good* report from the Royal Society of Arts, there is a need for more social and more communal forms of housing accommodation that can enable people to interact more with each other and improve a sense of community. Shared living can be a key solution for this problem, helping the UK's housing stock keep pace with a changing world.

“Unlike flat shares and other types of shared living arrangements, co-living explicitly seeks to promote social contact and build community.” - RSA, 2018. *Co-Living and the Common Good*

- 5.23 Put simply, shared living accommodation models are growing and getting more attention because they can offer people more affordable, more convenient, and more enjoyable ways of living, accessing areas and services that would otherwise be out of reach and expanding social connectedness.

The offer of the SLP

- 5.24 The Proposed Development would deliver shared living accommodation, operated by Shared Living Properties (SLP), a management company with significant experience providing high quality shared living accommodation in other cities internationally.

“SLP believes that we need to challenge our perceptions of home, from a place that is singular and isolated, to one that reflects the diversity and complexity of 21st century lifestyles. By mixing private space with shared space, living space with work space, homes can transform the way that people experience cities.

The ways we live and work are changing. More and more, our lives no longer fit into standard housing models. The ‘normal’ progression – from family home, to student housing, to marital home, to retirement home – rarely exists at a time when our career paths and relationships are far less predictable. We’re increasingly moving between cities to work and study. We’re less inclined to settle down with a partner until later in life, if at all, nor are we afraid of divorce or separation. And we’re often opting to work from home, a trend that was gaining pace well before the impact of Covid-19.

At SLP we believe that these new lifestyle patterns simply don’t fit the moulds of housing typically on offer. That’s having a catastrophic effect on cities, with London as a prime example. The number of people living alone has been steadily rising for years, and with it a plague of loneliness among adults. Meanwhile houses designed for families are increasingly being occupied by groups of individuals, who are unwittingly driving up prices for everyone else. We urgently need to break this cycle.

Over the past 10 years, the SLP team has engineered an in-house bespoke convenient and functional design formula, demonstrating that smart environments can operate in a privacy respecting manner. The “smart living” product understands and recognises that our priorities and lifestyle are constantly evolving.

It’s time to readdress what people really want from their homes and design them accordingly. It’s no longer all about seclusion and square metres; many of us value community and convenience more highly. At the same time, renting is no longer just the remit of those who can’t afford to buy a home, but also an attractive option for those seeking greater freedom and flexibility, at a certain point of their lives.

SLP buildings function more like cities, combining personal space with opportunities for interaction and social experiences. What’s more, they could be part of a network of shared spaces and resources located all across London, from gardens to galleries, co-working studios to workshops.

At SLP we make sure that every team member has first-hand experience of the smart living solutions properties, specifically this means living in the property for a minimum of 2 weeks and using all the facilities available.”

6. Economic impacts

Construction phase

- 6.1 The construction of the Proposed Development would result in additional economic activity in terms of construction jobs and spending. A standard method of estimating the number of construction workers at the site is to divide the expected cost of construction by the Gross Value Added (GVA) of the average construction worker.⁴⁹



- 6.2 It is estimated that the construction phase of the Proposed Development will support the equivalent of 20 jobs per year across the nine-month construction period.
- 6.3 Construction workers are one of the most mobile sectors of the workforce, travelling to wherever the work is. As a result, construction benefits are not generally viewed as having large local impacts. However, their expenditure does have a local impact. It is expected that construction workers on-site would spend a total of £25,000 in the local area over the duration of the construction and demolition period.⁵⁰ Typical expenditure in the local area before, during, and after work can be on things such as food and beverages (e.g., lunch), after work activities and retail shopping at nearby stores.

Gross employment

Existing employment on-site

- 6.4 The existing site consists of the now vacant Crescent Hotel, a three-star hotel, which for a number of years has supported 27 rooms available for rent by visitors. As of 1st October 2022, the existing hotel use of the site has ceased operations.
- 6.5 In its previous use as a hotel, the site supported a total of 3.5 full-time equivalent employment positions (FTEs). As identified by the Applicant, this consisted of a total of two receptionist positions. The hotel also employed a general manager, housekeeper and kitchen services positions, all of which worked approximately 20 hours per week (1/2 of a FTE job) (this is summarised in **Table 6**).

⁴⁹ ONS, 2019. Regional gross value added (balanced) by industry; ONS, 2019. Business Register and Employment Survey.

⁵⁰ Assuming 60% of workers spend £13.49 a day for 220 days a year. The £13.49 is based on a YouGov survey which found that UK workers spent £6 in the local area on average in 2005 – this has been uplifted to reflect earnings growth in the period to 2022 and the discrepancies between earnings in different industries and in London compared to the rest of the UK.

Table 6: Existing employment on-site

Staff members	FTEs
Receptionist	2
General manager	0.5
Housekeeping (external)	0.5
Kitchen services (external)	0.5
Total	3.5

Source: Information provided by the Applicant.

Operational phase employment

- 6.6 The Applicant has also provided information on the employment supported once the Proposed Development is operational. This information, summarised in **Table 7**, estimates that the Proposed Development would support a total of 3.5 FTE positions. Of these positions, one FTE position would be supported in each of a management and marketing position, and housekeeping, maintenance and security positions would work approximately 20 hours per week (1/2 of a FTE job).
- 6.7 As a result of the employment generation at the Proposed Development once operational, the change in use from hotel to shared living would not be anticipated to reduce employment levels when compared to the existing site. Compared to the currently vacant site, the use of the Proposed Development as shared living accommodation would deliver new employment opportunities.

Table 7: Gross direct employment at the Proposed Development

Staff members	FTEs
Community manager	1
Housekeeping	0.5
Leasing and marketing	1
Maintenance and repairs	0.5
Security	0.5
Total	3.5

Source: Information provided by the Applicant.

Expenditure

- 6.8 Both the existing site in its previous use as hotel accommodation, and the Proposed Development in its use as shared living would support expenditure in the Local Area and across LBC. The use of the existing site as hotel accommodation would support expenditure by visitors staying at the hotel, and the Proposed Development would support expenditure by residents living in the shared living units.⁵¹ This report

⁵¹ Workers at the existing site and Proposed Development would also support expenditure, but the scale of this employment and expenditure is negligible and as a result has been excluded in this report.

compares the expenditure supported at the existing site to that supported by the Proposed Development to provide comparison of the net effect of the change in use.

Visitor expenditure at the existing site

- 6.9 To estimate the expenditure by visitors staying at the existing site, evidence has been taken from surveys of spending by visitors to London. The Barclays Destination UK Report provides survey information on the types of spending by international and domestic visitors.⁵²
- 6.10 This data is combined with information from the Applicant on the average annual occupancy rate,⁵³ the split between domestic (49%) and overseas (51%) visitors at the hotel⁵⁴ and the Average Daily Rate (ADR) for hotel⁵⁵ to estimate that visitors to the existing hotel would spend between £139 and £227 outside the hotel per night stayed, and a total of between £770,000 and £1.26m each year.⁵⁶
- 6.11 Much of this expenditure would occur outside of LBC as the visitors would be travelling for leisure or business reasons and likely visiting key tourist sites or working in other parts of London. Using information on the proportion of residential expenditure falling inside the borough from the Camden Retail and Town Centre Study (2013), and the types of expenditure by tourists within GLA's 2017 report Consumer Expenditure and Comparison Goods Floorspace Need in London, it is estimated that 20% of visitor expenditure would be retained within LBC.⁵⁷
- 6.12 Based on this figure of 20% of visitor expenditure being retained in LBC, it is estimated that the existing site supported between £150,000 and £250,000 in expenditure within LBC each year when it was operational.

Table 8: Estimated visitor expenditure at the existing site

Category	Value
Estimated expenditure outside hotel per night stayed	£139 - £227
Number of rooms	27
Average pre-Covid occupancy rate (add years)	56%
Estimated expenditure per year	£770,000 - £1.26m
Proportion of expenditure retained within LBC	20%
Estimate expenditure by visitors retained within LBC	£150,000 - £250,000

⁵² Barclays, 2017. Destination UK: Driving growth in the UK hospitality and leisure sector. This report identifies that on average that visitors spend 49% of their budget on accommodation. This figure is used, along with a breakdown of types of expenditure, to identify the remaining expenditure in non-accommodation related activities.

⁵³ Averaging 56% before the Covid-19 pandemic.

⁵⁴ Since 2015, 49% of visitor nights stayed at the hotel have been by domestic visitors, and 51% by international visitors.

⁵⁵ Identified as an average of £133 based on current information on the hotel available from TripAdvisor.

⁵⁶ The spend per night is derived through the weighted average of non-accommodation spending for both international and domestic visitors.

⁵⁷ Under the Camden Town Centre and Retail Study 14% of comparison expenditure is retained within LBC, and 70% of convenience expenditure within study zone 5 is retained within the borough. The Consumer Expenditure and Comparison Goods Floorspace Need in London estimates that 90% of spending by tourists is on comparison goods expenditure and 10% on convenience goods. These assumptions combine to give an average retention of 20%.

Shared living resident expenditure

- 6.13 Incoming residents at the Proposed Development will spend money in LBC and the Local Area. Existing evidence shows that residents, on average, support expenditure at relatively lower rates than visitors, but that expenditure is more local and on different goods and services.⁵⁸
- 6.14 Evidence from the ONS Household Expenditure Survey identifies that households with a similar expenditure on housing costs to those of the Proposed Development spent an average of £436 per week on goods and services in 2021.⁵⁹ Reducing this figure by 18% to account for the proportion of household spending that would occur online⁶⁰ would result in each household at the Proposed Development being estimated to support a total expenditure on physical goods and services of £359 per week. Under an expenditure of £359 per week per resident of the Proposed Development, the 31 shared living rooms would support an estimated total of £580,000 in physical expenditure from residents.
- 6.15 In a similar manner to visitor expenditure identified above, a leakage is applied to the total figure of residential expenditure to estimate the amount of expenditure that would be retained in LBC. Combining figures on residential expenditure leakage from the Camden Retail and Town Centre Study, it is estimated that the residents at the Proposed Development would spend 35% of their weekly budgets in LBC.⁶¹
- 6.16 Overall, residents of the Proposed Development would spend an estimated total of £580,000 per annum, of which £200,000 would be within LBC. This is summarised in **Table 9**.

Table 9: Residential expenditure at the Proposed Development

Category	Value
Total weekly expenditure by one household of the Proposed Development	£436
Proportion of expenditure online (%)	18%
Non-online weekly expenditure	£359
Number of units	31
Total annual spend	£580,000
Leakage (Retained in LBC)	35%
LBC annual spend	£200,000

Sources: Volterra analysis using data from Greater London Authority, 2020. London Living Rent: Updated Rent Benchmarks for 2021/22; LBC, 2013. Camden Town Centre and Retail Study; ONS, 2022. ISCPA3 – Internet Sales Index: Value seasonally adjusted internet sales as a proportion of all retailing; and ONS, 2022. Table A4 – Household expenditure by gross income decile.

- 6.17 Overall, based on these estimates, the Proposed Development is expected to support marginally lower levels of annual expenditure by residents once operational, than would occur at the existing site if it continued to be operated as a hotel. These estimates forecast that visitor expenditure resulting from the

⁵⁸ See, for example, Visitor Britain, 2013. Visitor Economy Facts.

⁵⁹ ONS, 2022. Household Expenditure Survey 2021.

⁶⁰ Evidence from the ONS, 2022. Family Spending Workbook estimates that as of 2021, 18% of total expenditure of goods and services by households was done online.

⁶¹ Under the Camden Town Centre and Retail Study 14% of comparison expenditure is retained within LBC, and 70% of convenience expenditure within study zone 5 is retained within the borough. This study identifies that 63% of residential expenditure is on comparison goods, whereas 37% is on convenience goods, which combines to give an average retention rate of 35%.

hotel of £770,000 - £1.26m would drop to approximately £580,000 annually by residents under the Proposed Development.

- 6.18 However, although overall expenditure would fall, the amount of expenditure that is spent *within LBC* would be expected to remain broadly comparable between the hotel use and shared living use of the site. Visitors tend to spend more than residents per day, but also spread their spending more widely than residents do, travelling greater distances on average for spending on retail, leisure and food. This is reflected in the modelling by placing a greater weight on comparison goods expenditure (more of which is outside of LBS than convenience goods) for visitors compared to residents.
- 6.19 Through the conversion of the existing site to shared living, the annual expenditure in LBC would be estimated to change from an estimated £150,000 - £250,000 per year to £200,000 per year. These impacts highlight that the Proposed Development would not reduce economic benefits for LBC, and the impact of conversion from hotel to shared living use would provide broadly within the range of employment and expenditure across the borough estimated to be supported by hotel accommodation on-site.

Other economic impacts

- 6.20 The change in the use class of the Proposed Development from hotel to the proposed use of shared living would result in further economic impacts that go beyond the direct employment and expenditure delivered at the site.
- 6.21 The Proposed Development would deliver affordable accommodation in an area that is out-of-reach for many workers and residents in LBC and London. This has the potential to unlock access to employment and education opportunities for residents that they may otherwise not have access to. The impacts of agglomeration and of increasing access to employment opportunities is widely known within academic literature to be one of the driving forces behind productivity growth.⁶²
- 6.22 The Proposed Development would also have the potential to contribute additional tax revenues to LBC, beyond those of the existing site. In its operation as a hotel the existing site supported business rates payments of approximately £44,000 annually. Of this figure, LBC would retain an estimated £13,000.⁶³ Through developing 31 new shared living units the Proposed Development would instead deliver tax revenue to LBC through council tax payments. Under an assumed council tax band of B for the units at the Proposed Development, these units would be estimated to deliver a total annual council tax payment of £43,000.⁶⁴ Of this, £34,000 would be anticipated to be retained by LBC, an uplift of £21,000 per annum when compared to the business rates paid at the existing site.
- 6.23 Overall, the Proposed Development would deliver additional economic benefits for LBC and the surrounding area. The Proposed Development would not result in a loss of employment on-site, and would support wider economic benefits through both local resident expenditure and by enabling residents to access employment and training opportunities that may otherwise not been available to them. This is in addition to the Proposed Development contributing to wider policy objectives of addressing the need for residential accommodation, delivering social benefits, and providing accommodation to contribute to inclusive neighbourhoods.

⁶² For example, see Glaeser, E., 2010. Agglomeration Economics for discussion of the impact of housing delivery in contributing to access to productive jobs and increased economic output.

⁶³ Department for Levelling Up, Housing & Communities, 2022. National non-domestics rates collected in England 2022 to 2023: local authority data.

⁶⁴ Similar shared living units at other schemes are predominantly deemed to fall within council tax band A and band B. Band B is assumed here to provide a conservative estimate.

7. Social impacts

Community cohesion

- 7.1 One of the key benefits of shared living accommodation is improving community cohesion and combatting loneliness.
- 7.2 Based on a survey undertaken by Built Asset Management between July and August 2022, 25% of prospective tenants were seeking co-living property to avoid a feeling of isolation.⁶⁵ Loneliness has become a more visible issue in recent years, highlighted by the periods of isolation during the pandemic. In 2020/21, 48% of national respondents to the Community Life Survey said they do experience loneliness – up from 44% when metrics began in 2013/14, and a one percentage point increase from the previous year before the pandemic (47%).⁶⁶
- 7.3 The prevalence of loneliness varies across ages. In 2021, 37% of 16-24-year olds and 29% of 25-34-year olds reported feeling lonely often/always or some of the time. This is higher than both 35-49 year olds (24%) and 50-64 year olds (23%).⁶⁶ The Proposed Development is especially well placed to address these issues amongst younger people: whilst the average age of tenants in shared living accommodation in London has increased from February 2020 to July 2022 it remains young at 31.⁶⁷
- 7.4 The way we live is one of the most important drivers of our mental wellbeing. The Ikea *Life at Home* report (2021) identifies that 93% of UK survey respondents think that their home is the most important determinant of their sense of comfort, and that 40% of individuals who reported feeling more positive towards their home in the past 12 months reported improvements in their mental health.⁶⁸
- 7.5 Shared living units can directly address existing issues of loneliness and social isolation. The WEF have highlighted the importance of encouraging shared modes of living, such as co-living and shared living in growing cities internationally to counter feelings of social isolation.⁶⁹ Recent research in the journal BMC evidences these positive impacts of shared living on mental health:

“Our review indicates that the co-housing model can be positively associated with health outcomes through psychosocial determinants of health, such as increased social support, sense of community and physical, emotional and economic security, as well as reduced social isolation” - Carrere

⁶⁵ Build Asset Management, 2022. New data shows 312% increase in renters ditching single accommodation in favour of co-living. Accessible at: <https://builtassetmanagement.co.uk/new-data-shows-312-increase-in-renters-ditching-single-accommodation-in-favour-of-co-living/>.

⁶⁶ Department for Culture, Media and Sport, 2021. Community Life Survey 2020/21.

⁶⁷ CBRE, 2022. Co-living in London.

⁶⁸ IKEA, 2021. Life at Home 2021.

⁶⁹ WEF, 2021. Communal Living and Mental Health.

et al. 2020 The effects of cohousing model on people's health and wellbeing.⁷⁰

- 7.6 The London Plan (2021) identifies that shared living developments should “contribute towards mixed and inclusive neighbourhoods”.⁷¹ The Proposed Development would meet this requirement, delivering accommodation focused on encouraging community interaction in the place of existing hotel accommodation. A range of communal spaces would be provided by the Proposed Development, including shared kitchen/dining and living areas as well as shared courtyard spaces. These would enable and encourage shared use and interaction for residents.
- 7.7 The Proposed Development, and other forms of shared living more widely, can contribute to reducing feelings of social isolation in LBC and across London. Through supporting a more communal way of live, involving the sharing of services and facilities and encouraging social interaction, the Proposed Development would help support greater community cohesion.

Wider placemaking impacts

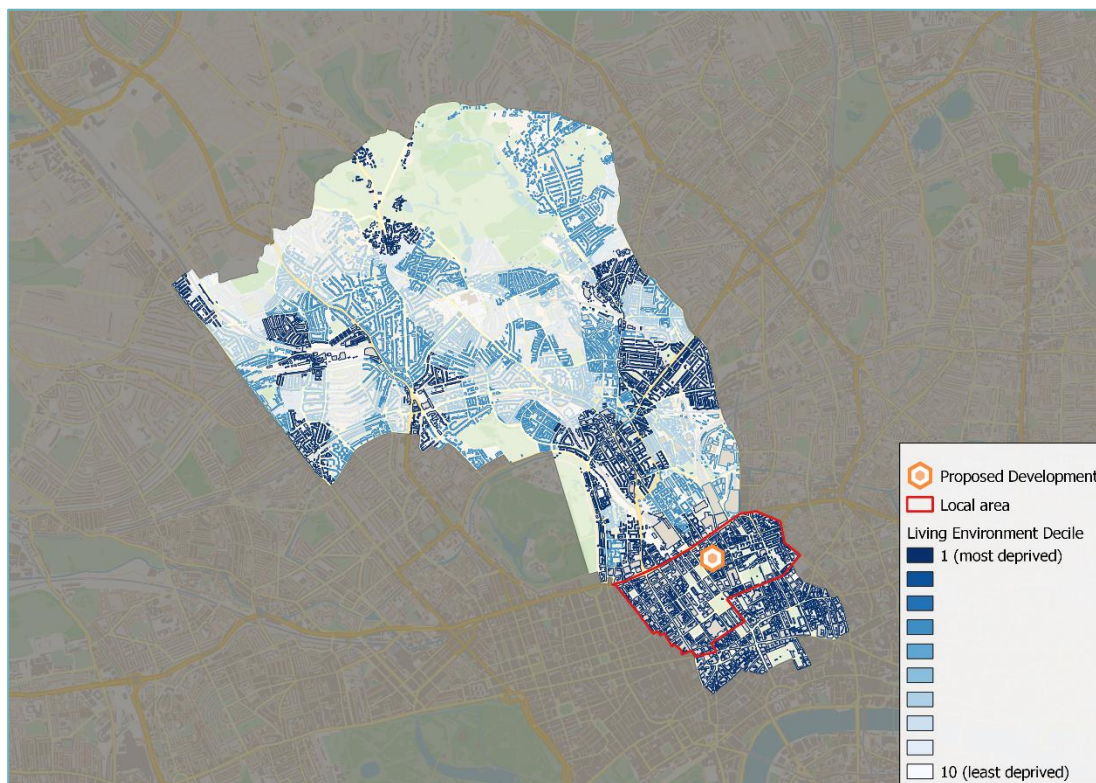
- 7.8 The property on-site is Grade II listed and located within the Bloomsbury Conservation Area. The Bloomsbury Conservation Area designation aims to promote and protect the quality of the Georgian, Victorian and Edwardian architecture, as well as the culturally rich character of the area. Given this, there is a need to protect and maintain the quality of existing development and architecture to continue to contribute to the character of Bloomsbury.
- 7.9 The Proposed Development would meet this need through delivering investment in the re-fit of the existing 49-50 Cartwright Gardens site, maintaining the quality of existing façade of the building and providing a modern, accessible and community focussed design for the interior of the building. This would contribute to wider placemaking objectives identified in local policy in a way that is environmentally sustainable through the repurposing of the existing building structure.
- 7.10 The Proposed Development can also help to address issues of deprivation within the local area. In particular, as shown in **Figure 12**, the Local Area has significant issues in terms of the living environment. The living environment domain of deprivation is an indicator of the quality of living and the physical environment for existing residents, with the local neighbourhood performing particularly poorly for its incidences of traffic accidents, high levels of air pollutants, and a very high incidence of low income households not having access to central heating.^{Error! Bookmark not defined.}
- 7.11 The local neighbourhood (Lower Super Output Area) in which the site lies (Camden 025E) ranks as the 34th most deprived neighbourhood nationally of 32,844 for its living environment under the 2019 Index of Multiple Deprivation.⁷² This places the local neighbourhood in the top 0.1% most deprived of all neighbourhoods nationally for its living environment.
- 7.12 The Applicant is conscious of the needs to address these issues, and provide accommodation designed to promote the wellbeing of residents.

⁷⁰ Carrere, J. et al.. 2020. The effects of cohousing model on people's health and wellbeing: a scoping review. Public Health Reviews. 41(22).

⁷¹ Mayor of London, 2021. The London Plan.

⁷² MHCLG, 2019. English indices of deprivation.

Figure 12: Living environment deprivation



Source: Ministry of Housing, Communities & Local Government, 2019. English indices of deprivation 2019.

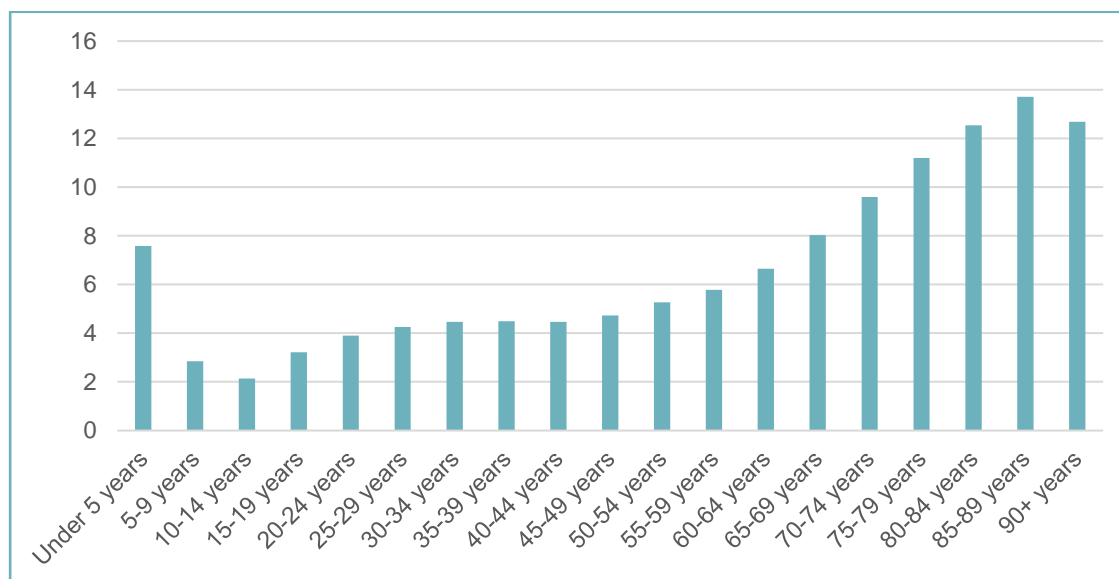
Impact on local social infrastructure

- 7.13 As noted above, the occupants of shared living accommodation will be disproportionately younger people and young professionals. The nature of shared living schemes means there is likely to be less pressure on nearby education and other social infrastructure relating to family needs.
- 7.14 Young people and young working professionals have a lower impact on social infrastructure. The Office for Budget Responsibility (2016) estimates that individuals aged between 21 and 31 cost the UK on average just over £1,000 per person in healthcare costs in 2015, compared to approximately £2,500 per person for individuals aged 51-61 and over £6,000 per person for individuals aged above 65.⁷³
- 7.15 Evidence from current rates of GP consultation highlight that young professionals are likely have a reduced impact on primary healthcare, with an individual aged 20-29 requiring an average of 4.1 GP consultations per year in 2009, compared to 9.6 consultations per year for individuals aged over 65.⁷⁴ Therefore, given the relatively small number of shared-living units being offered, it is anticipated that any impacts on nearby healthcare and social infrastructure will be significantly lower than a similar residential development and significantly more affordable for local healthcare providers.

⁷³ OBR, 2016. Fiscal sustainability analytical paper: Fiscal sustainability and public spending on health.

⁷⁴ NHS Digital, 2009. Trends in Consultation Rates in General Practice – 1995-2009.

Figure 13 Average number of GP consultations per year by age group



Source: NHS Digital, 2009. Trends in Consultation Rates in General Practice – 1995-2009.

7.16

Local social infrastructure, in particular healthcare, faces existing constraints. The North Central London Estates Strategy identifies the King's Cross area as a 'high growth area' potentially requiring additional capital investment for healthcare.⁷⁵ The ratio of patients per full-time equivalent GP for the 16 GP practices in the catchment of the Proposed Development is currently above 3,000, which is significantly above the guideline level of 1,800 patients per GP highlighted in NHS guidance.⁷⁶

7.17

The Proposed Development therefore offers an opportunity to deliver additional residential accommodation in an area where there is pressure on local social infrastructure, but does so in a way that would reduce the additional demands on local infrastructure.

⁷⁵ The North Central London Estates Strategy is referenced within the LBC, 2019. Camden Infrastructure Study.

⁷⁶ NHS London Healthy Urban Development Unit, 2013. HUDU Planning Contribution Model Guidance Notes.

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