

Camden Planning Guidance

Housing

January 2021



Housing

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1 Introduction

What is Camden Planning Guidance?

- 1.1 The Council has prepared this Camden Planning Guidance (CPG) on Housing to support the policies in the Camden Local Plan 2017. This guidance is therefore consistent with the Local Plan and forms a Supplementary Planning Document (SPD) which is an additional “material consideration” in planning decisions.
- 1.2 The Camden Local Plan 2017 has greater statutory weight than the Housing CPG, and where there is any apparent conflict between the two documents, the Local Plan will prevail.
- 1.3 This document should be read in conjunction with and within the context of the relevant policies in Camden's Local Plan, other Local Plan documents and other Camden Planning Guidance documents.
- 1.4 This document was adopted on 15 January 2021 following statutory consultation from August to October 2020, and replaced CPG2 Housing and Interim Housing CPG (both adopted with amendments March 2019). Please note that the following sections of the Interim Housing CPG have been included in this CPG with no changes (other than non-material corrections and cross-referencing updates): section 4 - Residential development standards (included as section 9 of this CPG); and section 5 - Development involving a net loss of homes (included as section 10 of this CPG). These sections were subject to statutory consultation prior to adoption (respectively) from November 2017 to January 2018, and from November 2018 to January 2019.

What does this guidance cover?

- 1.5 This guidance provides detailed information on the operation of a number of policies regarding the development of housing in the borough. It focuses on general purpose housing rather than specialist housing for particular groups (such as students), and on self-contained homes (homes where all the rooms, including the kitchen, bathroom and toilet are behind a door that only one household can use), however parts may be relevant to other forms of housing in some circumstances. It provides specific guidance on:
 - Providing affordable housing in Camden
 - Meeting requirements for housing and affordable housing
 - Proposals for off-site delivery of housing or affordable housing
 - Payments in lieu of housing and affordable housing
 - Viability assessments related to housing and affordable housing requirements
 - Planning obligations to secure housing and affordable housing
 - Residential development standards (including accessibility)

- Development involving net loss of homes

1.6 This CPG also includes the following opening and closing sections:

- Resources/ contacts - an alphabetical table providing key organisations and document/ website sources that have informed this guidance and may be helpful to those involved in housing delivery
- Glossary – an alphabetical list providing definitions of technical terms and acronyms.

1.7 The Local Plan recognises in paragraph 4.14 that the quality of the homes that people occupy, including accessibility, space, layout, incidence of overcrowding, and housing costs will have a significant impact on their health and wellbeing. The Council's Community Investment Programme (CIP) and our policies to secure affordable housing in conjunction with development of market are central to the Council's efforts to tackle housing costs and ensure that homes meet contemporary standards. There are measures throughout this guidance that aim to support the health and wellbeing of residents by promoting high quality market and affordable housing, with a particular emphasis on housing quality in Section 9 Residential development standards.

Relevant Local Plan policies

1.8 The Housing CPG particularly supports the following policies in Camden Local Plan 2017:

- H2 - Maximising the supply of self-contained housing from mixed use schemes
- H3 - Protecting existing homes
- H4 - Maximising the supply of affordable housing
- H6 – Housing choice and mix
- H7 – Large and small homes

1.9 Other relevant policies in the Local Plan include:

- G1 – Delivery and location of growth
- H1 - Maximising housing supply
- H5 - Protecting and improving affordable housing
- H8 - Housing for older people, homeless people and vulnerable people
- H9- Student housing
- H10 - Housing with shared facilities
- C1 – Health and wellbeing
- A1 - Managing the impact of development
- A2 - Open space
- D1 – Design
- CC1 – Climate change mitigation

- CC2 – Adapting to climate change
- T1 – Prioritising walking, cycling and public transport
- T2 - Parking and car-free development

2 Resources/ contacts

2.1 The table included here provides a list of key organisations and sources that have informed this guidance, the links were current at the time of drafting.

Affordable Homes Programme 2016-2023 and 2021-2026 – Funding Guidance (Mayor of London)	<ul style="list-style-type: none"> The Mayor's two funding programmes setting out the requirements that affordable housing providers must meet to receive funding, including rent setting for London Affordable Rent (2016-2023 programme) london.gov.uk/what-we-do/housing-and-land/homes-londoners-affordable-homes-programmes (accessed December 2020)
Affordable Housing and Viability Supplementary Planning Guidance (SPG) (Mayor of London)	<ul style="list-style-type: none"> Guidance on how the Mayor will implement London Plan policies on affordable housing, including the mix of affordable housing types and the fast-track viability route london.gov.uk/what-we-do/planning/implementing-london-plan/planning-guidance/affordable-housing-and-viability-supplementary-planning-guidance-spg (accessed July 2020)
Approved Strategic Partner List (Camden Council)	<ul style="list-style-type: none"> The housing associations/ registered providers that the Council has approved to manage affordable homes delivered through s106 planning obligations camden.gov.uk/documents/20142/12053822/Approved+Strategic+Partner+List+-+December+2019.pdf/83112e56-6745-a2ae-bef6-bec9f2804b07 (accessed July 2020)
Building Regulations Part M	<ul style="list-style-type: none"> Approved Document M (Part M) provides regulations to ensure that buildings are developed in a way that provides for people with disabilities to access and use them wherever possible gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m (accessed July 2020)
Camden Local Plan 2017	<ul style="list-style-type: none"> camden.gov.uk/localplan (navigate via Planning and building development/ Planning policy/ Local plan documents) (accessed July 2020)
Census 2011	<ul style="list-style-type: none"> A web-based database of labour market statistics (including the Census) is managed by "nomis" on behalf of the Office of National Statistics (ONS) nomisweb.co.uk/census/2011/data_finder (accessed July 2020)

Housing Allocation Scheme 2018 (Camden Council)	<ul style="list-style-type: none"> The tool the Council uses to assess who should occupy housing for Social Rent and London Affordable Rent camden.gov.uk/apply-council-housing#jctt (accessed July 2020)
Housing Commissioning and Partnerships Team (Camden Council)	<ul style="list-style-type: none"> The Council team that provides advice about the type and mix of affordable homes and puts developers in touch with affordable housing providers search3.openobjects.com/kb5/camden/cd/service.page?id=M82vjAj6EKs&communitychannel=8-3 (accessed July 2020)
Housing Supplementary Planning Guidance (SPG) (Mayor of London)	<ul style="list-style-type: none"> Guidance on how the Mayor will implement London Plan policies on housing, including residential development standards, accessible housing and specialist housing london.gov.uk/what-we-do/planning/implementing-london-plan/planning-guidance/housing-supplementary (accessed July 2020)
Intermediate Housing Strategy (Camden Council)	<ul style="list-style-type: none"> The tool the Council uses to guide the cost and tenure of intermediate housing, and guide providers on the priority to give to prospective occupiers democracy.camden.gov.uk/ieDecisionDetails.aspx?ID=1780 (accessed July 2020)
Intermediate Housing webpages (Camden Council)	<ul style="list-style-type: none"> These provide updates to the target income band in our Intermediate Housing Strategy, and information about joining the Council's Register of Interest for Intermediate Housing and accessing intermediate housing in Camden camden.gov.uk/web/guest/affordable-housing (accessed December 2020)
The London Plan	<ul style="list-style-type: none"> The London Plan March 2016 london.gov.uk/what-we-do/planning/london-plan/current-london-plan (accessed July 2020) The London Plan ('intend to publish' draft) December 2019 london.gov.uk/what-we-do/planning/london-plan/new-london-plan/intend-publish-london-plan-2019 (accessed July 2020)
National Planning Policy Framework (NPPF)	<ul style="list-style-type: none"> The Government's national planning policy, which guides the form and content of Camden's own planning policies and decisions gov.uk/government/publications/national-planning-policy-framework-2 (accessed July 2020)
National Planning Practice Guidance (NPPG)	<ul style="list-style-type: none"> The Government's practice guidance, which provides detail to supplement the NPPF gov.uk/government/collections/planning-practice-guidance (accessed July 2020)

Nationally Described Space Standard	<ul style="list-style-type: none"> Minimum space standards for housing made available by the Government and adopted by the London Plan and the Camden Local Plan 2017 gov.uk/government/publications/technical-housing-standards-nationally-described-space-standard (accessed July 2020)
Payments in lieu evidence (Camden Council)	<ul style="list-style-type: none"> The Council's evidence for setting rates (£ per sq m) for affordable housing/ housing in mixed-use schemes (Camden Review of Payment-in-Lieu Rates for Housing and Affordable Housing 2019) camden.gov.uk/web/guest/evidence-and-supporting-documents (accessed July 2020)
Planning Policy Team (Camden Council)	<ul style="list-style-type: none"> The Council team that provides advice about the interpretation of planning policy and guidance email planningpolicy@camden.gov.uk Contact Camden - 020 7974 4444
Pre-application advice (Camden Council)	<ul style="list-style-type: none"> A fee-funded service that provides prior advice about prospective planning applications, including design, use and process camden.gov.uk/pre-planning-application-advice (accessed July 2020)
Register of Interest for Intermediate Housing (Camden Council)	<ul style="list-style-type: none"> The tool the Council uses to put people in touch with providers of intermediate housing camden.gov.uk/web/guest/affordable-housing (accessed July 2020)

3 Providing affordable housing in Camden

KEY MESSAGES

- Affordable housing includes social-affordable rented housing and intermediate housing
- Social-affordable rented housing is low cost rented housing including London Affordable Rent and Social Rent homes, and is allocated to households on low incomes in accordance with need
- Social Rented homes have capped rent levels based on the national guidance issued by the Regulator of Social Housing, and should be the default for new social-affordable rent homes in most circumstances
- London Affordable Rent housing accords with the parameters and benchmark rents set out in the Mayor's Funding Guidance 2016-2023, and the Council will support the provision of London Affordable Rent homes as a form of social-affordable rented housing where this form is favoured by funding arrangements
- Intermediate housing should be provided for intermediate rent in accordance with guidance in the Council's Intermediate Housing Strategy, including guidance on rent setting and prioritising future occupiers
- Completed affordable homes should be transferred to a provider from the Council's Approved Strategic Partner List
- The Council expects developments to provide 60% of affordable housing as social-affordable rented housing and 40% as intermediate rent
- The Council aims for 50% of social-affordable rented homes to be large homes with 3-or-more bedrooms
- The Council prefers most homes for intermediate rent to be studio or 1 bedroom flats but will also consider 2-bedroom/ 4-person homes

- 3.1 This section of the CPG generally relates to affordable housing provided in response to Camden Local Plan Policies H2 - *Maximising the supply of self-contained housing from mixed-use schemes* and H4 – *Maximising the supply of affordable housing*, and delivered in association with development of additional market housing or non-residential floorspace. It may also apply to replacement homes provided in response to Local Plan Policy H5 - *Protecting and improving affordable housing*. It includes guidance on the particular types of affordable housing we expect, the transfer of the homes to affordable housing providers approved by the Council, and the how we will operate dwelling size priorities for affordable housing set out in Local Plan Policy H7 - *Large and small homes*.
- 3.2 Different types of affordable housing may be sought where specialist housing is being developed for particular groups, notably student housing, build to rent, and larger schemes for housing with shared

facilities ('houses in multiple occupation'). Affordable housing provided in association with these specialist housing types should be considered having regard to relevant provisions in the Local Plan, other CPG documents, and draft London Plan 2019, including:

- Local Plan Policy H4 - *Maximising the supply of affordable housing*
- Local Plan Policy H6 – *Housing choice and mix*
(includes provisions relating to build to rent)
- draft London Plan Policy H11 - *Build to rent*
- Local Plan Policy H9 – *Student housing*
- draft London Plan Policy H15 - *Purpose-built student accommodation*
- Student Housing CPG
- Local Plan Policy H10 – *Housing with shared facilities*
- draft London Plan Policy H16 - *Large-scale purpose-built shared living*

What is affordable housing?

- 3.3 Affordable housing is defined in the Government's National Planning Policy Framework (NPPF) – Annex 2.

AFFORDABLE HOUSING

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers), and which complies with one of the definitions of particular types of affordable housing.

- 3.4 The draft London Plan 2019 promotes two particular types of affordable homes:
- low cost rented homes, including London Affordable Rent or Social Rent, allocated according to need to households on low incomes – this type is referred to as "social-affordable rented housing" in the Camden Local Plan 2017; and
 - intermediate products which meet the definition of genuinely affordable housing – which means they must be affordable to households on incomes up to the level of a specific cap, set in 2019 at £60,000 for products to rent and £90,000 for products to buy, but reviewed and updated through the London Plan Annual Monitoring Report.
- 3.5 **Low cost rented homes, including London Affordable Rent or Social Rent homes**, can be characterised as follows:
- homes are allocated to households on low incomes in accordance with need (based on the Council's [Housing Allocation Scheme](#))
 - rents are substantially less than market rents
 - Social Rented homes have capped rent levels based on formulas in the national Rent Standard guidance issued by the Regulator of Social Housing

- Social Rent should be the default for new social-affordable rent homes in most circumstances
- London Affordable Rent levels are capped at benchmark levels published by the GLA (given for each year from 2017-18 to 2021-22 in the [Mayor's Affordable Homes Programme 2016-2023 – Funding Guidance](#))
- The Council will support the provision of social-affordable rent homes in the form of London Affordable Rent where this form is favoured by funding arrangements.

- 3.6 The Mayor's Affordable Homes Programme 2016-2023 indicates that London Affordable Rent should be the default rent level for new social-affordable rent homes in London, but the Programme for 2021-2026 indicates that the provision of Social Rent will be the norm in future. London Affordable Rent is a form of social-affordable rented housing that is subject to benchmark rents similar to the target rents for Social Rented housing in Camden, therefore the Council supports the provision of London Affordable Rent homes where this form is favoured by funding arrangements. London Affordable Rent has been devised as a replacement product for *Affordable Rent*, which is not considered to be genuinely affordable in London.
- 3.7 The Council will use s106 legal agreements to ensure that social-affordable rented housing is provided and let in accordance with the parameters and benchmark rents set out in this guidance, guidance of the Regulator of Social Housing, and the [Mayor's Affordable Homes Programmes](#) for 2016-2023 or 2021-2026 as appropriate. The benchmarks for London Affordable Rents set out in the guidance are weekly rents exclusive of service charges. More information about social-affordable rented housing is provided in paragraphs 3.35 to 3.39 of this guidance.
- 3.8 **Intermediate housing** is housing for households on average incomes. It costs more than housing for Social Rent or London Affordable Rent, but less than equivalent market housing. Intermediate housing costs (including service charges) must be affordable to households on incomes up to the level of a specific cap, as indicated in paragraph 3.4 of this guidance.
- 3.9 The Council will generally seek **intermediate rented housing** rather than other intermediate products (eg shared-ownership housing), as set out in paragraph 3.104 of the Camden Local Plan 2017. The Council's approach to proposals involving intermediate housing is guided by our Intermediate Housing Strategy, which was adopted on 6 April 2016, and is available at: democracy.camden.gov.uk/ieDecisionDetails.aspx?ID=1780. The Council will use s106 legal agreements to ensure that intermediate housing is provided and let in accordance with the parameters set out in this guidance and the Intermediate Housing Strategy.
- 3.10 The Council's Intermediate Housing Strategy sets out our priority groups, target household incomes and affordability calculation for intermediate

housing. The Council considers housing to be affordable where housing costs (including rent and service charges) take up no more than 40% of net household income (with net income assumed to be 70% of gross income). The strategy seeks to ensure that the majority of intermediate housing in each scheme is affordable to households with gross annual incomes between £30,000 and £40,000, based on 2016 earnings. The Intermediate Housing Strategy also provides for this priority income range to be adjusted by wage inflation. The priority income range as adjusted to 2019 earnings is £31,950 to £42,600. The income range will be adjusted each year by the previous year's percentage increase in gross annual pay (residence-based median) for full-time employee jobs, and published on the Council's [Intermediate Housing webpages](#).

- 3.11 To be eligible for intermediate rented housing, a household's gross annual income should not exceed the London Plan maximum of £60,000 for intermediate rented housing, subject to updates in the London Plan Annual Monitoring Report, as indicated in paragraph 3.4 of this guidance.
- 3.12 The Council has also established a Register of Interest for people interested in securing intermediate housing in Camden. Information about the Register of Interest is available at: camden.gov.uk/web/guest/affordable-housing. Providers are expected to market any intermediate homes that become available to people on the Register of Interest. Where more than one household is interested in occupying a property, providers are also expected to offer tenancies in accordance with the priority matrix included in the Intermediate Housing Strategy.
- 3.13 Shared-ownership refers to housing where occupiers buy a share (generally 25% to 75% of the value of the home) and pay rent on the remainder. Due to the high market values in Camden and lenders' deposit requirements, it is now rarely possible to develop homes for shared ownership in Camden that would be affordable to eligible households. The Mayor's Affordable Housing and Viability SPG (August 2017) confirms that generally shared ownership is not appropriate where the unrestricted market value of a home exceeds £600,000. Given these constraints, in most circumstances the Council will not support proposals for shared-ownership housing in Camden.
- 3.14 The Mayor has introduced a new intermediate housing product known as London Living Rent. This product is initially offered for rent, but by the end of the initial ten years it will convert to shared ownership. The Council welcomes the Mayor's increased emphasis on intermediate rented housing, but is not promoting conversion to shared ownership in Camden due to the high market values in the borough. We also welcome that the Mayor's recognition that providers have the flexibility to let intermediate rented housing at rents lower than the ward caps for London Living Rent. In Camden, the Council will seek to agree rents appropriate to the target income groups and housing costs set out in paragraphs 3.40 to 3.44 of this guidance. The Council has not adopted the Mayor's London Living Rent model for intermediate housing in

Camden due to the high market values in the borough and the priority we place on lower income groups.

- 3.15 When intermediate housing was first introduced it was often aimed specifically at essential local workers (also known as key workers). Essential local workers are defined as public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers. The Council will not generally limit occupation of intermediate housing to essential local workers/ key workers. Where such a restriction is appropriate in the context of the characteristics of the development or the area, Camden will generally use the definition of essential workers given in this guidance, varied as necessary to meet the purpose of the proposal (eg for development on NHS land to provide housing for health workers). When considering the proportion of housing for essential local workers that is appropriate to a development, the Council will have regard to Local Plan Policy H4, the characteristics of the development and the area and the circumstances noted in paragraph 3.27 of this guidance.
- 3.16 More details of our preferred form of intermediate rented housing is provided in paragraphs 3.40 to 3.48 of this guidance.

Early involvement of a provider approved by the Council

- 3.17 The NPPF indicates that affordable housing for rent (unless it forms part of a Build to Rent scheme) should be let by a Registered Provider (most of which are local authorities and housing associations), and should remain at an affordable price for future eligible households, otherwise the subsidy should be recycled for alternative affordable housing provision.

HOUSING ASSOCIATIONS AND REGISTERED PROVIDERS

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

- 3.18 To satisfy the stipulations of the NPPF, best meet the needs of Camden residents, and ensure that we work with registered providers who share the Council's affordable housing priorities¹, the Council has agreed an [Approved Strategic Partner List](#). Where a development triggers a requirement for affordable housing under Policy H4 of the Camden Local Plan 2017, we will require the completed affordable housing to be transferred to a provider on this list. The list currently contains 16

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

housing providers, but will be reviewed regularly. The latest list is available from our Housing Commissioning and Partnerships Team.

- 3.19 At the start of the pre-application process, the developer should contact the Council's [Housing Commissioning and Partnerships Team](#) for advice about which of our Approved Strategic Partners would be most appropriate for the scheme and guidance on the types of affordable housing that the Council is currently prioritising. The developer should then involve a provider from the Council's [Approved Strategic Partner List](#) from the earliest stages of housing design, to ensure that the affordable homes will meet the requirements of the Council, housing providers and future occupiers, and maximise the potential for grant support from the Mayor of London's Affordable Homes Programme.
- 3.20 The Council will use a s106 legal agreement to ensure the following requirements are met in relation to affordable housing provided in conjunction with a private development:
- the developer will select a housing provider from the [Approved Strategic Partner List](#) to take transfer of the affordable homes, and seek the Council's written approval of the particular housing provider selected;
 - the affordable homes will be transferred to the selected housing provider once written approval of the Council has been received and the affordable homes have been completed to the satisfaction of the Council and the provider;
 - occupation of market homes in the development will not take place until the affordable homes have been transferred to the selected provider;
 - where possible the freehold of the affordable homes will be transferred to the approved housing provider, otherwise the affordable homes will be transferred to the approved housing provider on a long lease (ideally 125 years).

Integration of market housing and affordable housing

- 3.21 The Council expects affordable housing and market housing to form integral parts of each development. The development should be tenure blind, using a common design approach, with high quality materials and finishes throughout. Where a development site is large enough to accommodate several residential blocks, market and affordable blocks should be spread evenly across the site. The layout of the development should optimise residential amenity for all tenures, and avoid concentrating affordable housing close to potential sources of disturbance such as service yards, traffic and railways. The Council strongly urges developers to involve a provider from the Council's [Approved Strategic Partner List](#) at an early stage in scheme design to ensure an appropriate layout, mix and design for the affordable housing.

SERVICE CHARGES

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

- 3.22 In schemes with internal communal spaces, the Council does not generally seek to mix affordable and market dwellings on the same corridors or sharing the same lobbies, stairs and/ or lifts, but still expects the development to be tenure-blind in terms of the design approach and the quality of the homes. We do not seek to mix units of different tenures because occupiers have to pay a service charge and/ or management charge for the cleaning and maintenance of communal spaces, and the service charges for market homes are often too high for the occupiers of affordable homes. The law ensures that an occupier cannot be required to pay higher service charges to subsidise charges to another occupier receiving the same common services, regardless of tenure.
- 3.23 Service charges are often a significant proportion of overall housing costs, particularly in market housing blocks, and can simply be too high for the occupiers of affordable housing to pay. In Camden, median gross household income is just above £38,000², which would provide up to £10,640 to pay housing costs based on Camden's affordability calculation³. Commonly, service charges for market apartments can cost £50 - £100 per week or more, equivalent to £2,600 - £5,200 a year, and leaving as little as £5,440 available for rent for a household on a median income. Service charges for affordable housing are generally expected to be around £15 per week or £780 a year at most. To ensure that service charges are kept to a minimum, the communal parts of affordable housing should be designed for durability and low maintenance costs.
- 3.24 Where it is necessary for affordable and market housing to share the same entrances, stairs and lifts, the Council will seek to ensure that they are designed to keep service charges sufficiently low for the affordable housing to be available to eligible households. Concierge services are particularly expensive, and alternative security arrangements should be adopted wherever possible. Paragraph 3.113 of the Camden Local Plan 2017 notes that the Council will take account of the affordability of the anticipated service charges for on-site affordable housing when considering whether off-site provision is appropriate. However, the Council will only accept off-site affordable housing in response to high service charges where measures to keep service and management

² Paycheck estimates the 2019 median income equivalised for household size as £38,087 © CACI

³ The Council considers housing to be affordable where housing costs (including rent and service charges) take up no more than 40% of net household income (with net income assumed to be 70% of gross income)

charges within affordable limits have been fully explored and found to be impractical. For more information see section 5 of this CPG 'Proposals for off-site delivery of housing or affordable housing'.

Mix of social-affordable rented housing and intermediate housing

- 3.25 Local Plan Policy H4 sets out guidelines for assessing development proposals indicating that 60% of affordable housing should be social-affordable rented housing (referred to as 'low cost rented homes' in the draft London Plan 2019) and 40% should be intermediate housing (referred to as 'intermediate products' in the draft London Plan). See paragraphs 3.28 and 3.29 below for information about the relationship with the London Plan approach.
- 3.26 For consistency with our approach to calculating and applying affordable housing targets in Policy H4, we will generally calculate the split between social-affordable rented and intermediate housing in terms of floorspace, measured on the basis of Gross Internal Area (GIA). Where it is unduly complex to assign internal communal areas to the different affordable housing types, the split can be calculated on the basis of Net Internal Area (NIA). See paragraphs 3.30 and 3.31 below for information about the relationship with the London Plan approach.
- 3.27 Local Plan Policy H4 indicates that the Council will consider various characteristics of the development, the site and the area when negotiating the nature of the affordable housing contribution from specific schemes. Considerations that may influence the proportion of social-affordable rented housing and intermediate housing are set out in paragraph 3.105 of the Local Plan. Circumstances where the Council may depart from the 60% social-affordable rented: 40% intermediate split include:
- providing flexibility for up to 100% social-affordable rented housing or 100% intermediate housing where the overall proportion of affordable housing in the scheme is over 65%; and
 - seeking up to 100% social-affordable rented housing where the overall proportion of affordable housing in the scheme is 30% or less.

London Plan approach to affordable housing mix and viability threshold

- 3.28 Draft London Plan Policy H6 - *Affordable housing tenure* seeks a minimum of 30% 'low cost rented homes' and a minimum of 30% 'intermediate products', with the remaining 40% to be determined by the borough. The Council has advised the GLA that it will split the remaining 40% to support the existing Local Plan position, with 30% added to 'low cost rented homes' and 10% added to 'intermediate products'. Consequently, the 60%/ 40% guideline mix in Local Plan Policy H4 will continue to have effect, and is consistent with the provisions of draft London Plan Policy H6.

- 3.29 Draft London Plan Policy H5 - *Threshold approach to applications* sets an affordable housing percentage threshold below 50% in some circumstances. Where this applies, and the proportion of affordable housing in the scheme exceeds the threshold percentage, draft London Plan Policy H6 provides greater flexibility around the affordable housing tenure. For development in Camden, where the threshold is exceeded, the Council will continue to seek our adopted guideline mix of 60% social-affordable rented housing and 40% intermediate rented housing, subject to the provisions in paragraph 3.27 of this guidance. We will generally resist the provision of shared-ownership housing in place of affordable housing for rent. We may provide some flexibility for a higher proportion of intermediate rented housing in limited circumstances where:
- it is necessary for some of the affordable housing to share internal communal spaces with market housing, for example because it has been introduced in response to a post-permission viability review; or
 - the scheme is a strategic development that must be referred to the Mayor prior to decision-making under the provisions of the [Town and Country Planning \(Mayor of London\) Order 2008 \(as amended\)](#).
- 3.30 Paragraph 4.5.3 of the draft London Plan indicates that the percentage of affordable housing should be measured on the basis of habitable rooms, unless the average size of habitable rooms is not comparable for market and affordable elements. For developments in Camden, the Council will continue to assess the percentage of affordable housing and the mix of affordable housing types on the basis of floorspace, and will only consider assessments based on habitable rooms in relation to strategic developments that must be referred to the Mayor prior to decision-making under the provisions of the [Town and Country Planning \(Mayor of London\) Order 2008 \(as amended\)](#).
- 3.31 The Council does not consider that an assessment based on habitable rooms is appropriate in Camden because:
- the approach is not consistent with Policy H4 of Camden Local Plan, which indicates that affordable housing targets are applied to the additional housing floorspace proposed;
 - the market elements of housing developments in Camden frequently include very large habitable rooms, and significant additional floorspace in non-habitable rooms such as dressing rooms and en-suite bathrooms; and
 - the approach can lead to manipulation, such as designs artificially increasing the number of habitable rooms in the affordable element (for example by separating the living room from the kitchen-dining area in a small flat), or reducing the number of habitable rooms in the market element (for example by adopting open plan layouts across each floor).

Mix of dwelling sizes

- 3.32 The Council's Residential development standards (included in this CPG) give general guidance on minimum floorspace, internal arrangements and accessibility for all housing tenures. In particular, homes of all tenures should satisfy the requirements of Policy H6 of Camden Local Plan 2017 in relation to the nationally described space standard, accessible and adaptable dwellings, and wheelchair user dwellings.
- 3.33 The following sub-sections of the guidance are concerned primarily with dwelling size in terms of the numbers of bedrooms that are expected as part of affordable housing development. Local Plan paragraph 3.185 defines 'large homes' as homes with 3-bedrooms or more, and 'small homes' as studio flats, 1-bedroom and 2-bedroom homes. Local Plan Policy H7 indicates that we will expect a mix of large and small homes in all housing development, and seek a range of self-contained homes to meet identified dwelling size priorities. These priorities are set out in detail in paragraph 3.189 of our Local Plan, which includes a Dwelling Size Priorities Table.
- 3.34 Further information about our dwelling size priorities for social-affordable rented housing and intermediate housing are set out in the following sub-sections of this guidance, particularly Figure 1 and Figure 2. For market housing, the high priority dwelling sizes set out in the Local Plan are 2-bedroom and 3-bedroom homes. Local Plan paragraph 3.201 indicates that we may adjust the market housing mix to fund the maximum amount of affordable housing floorspace, however, such adjustments should not result in schemes where no high priority market dwelling sizes are included. The precise mix of dwellings will be negotiated with the developers and affordable housing providers involved in each scheme (and any employers involved where an employer is developing affordable housing to serve their workforce), taking into account the character of the development, the site and the area, and other criteria included in Local Plan Policy H7. We will take full account of guidance in the Local Plan dealing with large homes and child density (paragraphs 3.197 to 3.199), and wheelchair user dwellings (paragraphs 3.154 – 3.155).

Dwelling sizes for social-affordable rented housing

- 3.35 The Council generally seeks the provision of **Social Rent** homes to satisfy the requirement for "social-affordable rented housing" set out in Policy H4 of the Camden Local Plan 2017, as set out in paragraphs 3.5 to 3.7 of this guidance.
- 3.36 Having regard to Local Plan Policy H7, for social-affordable rented housing, we will aim for 50% of provision to be large family homes with 3-bedrooms or more. There is a high level of overcrowding in existing social housing (the 2011 Census showed 19.3% of households were overcrowded based on bedroom occupancy), and an acute need for 4-bedroom homes, so we will seek the inclusion of 4-bedroom homes wherever possible.

- 3.37 As indicated by the Local Plan Dwelling Size Priorities Table, we will also place a high priority on securing smaller homes with two bedrooms for social-affordable rent. Where it is not possible to achieve 50% large homes, we will seek a high proportion of two-bedroom homes designed for four occupiers.
- 3.38 Figure 1 converts these priorities into preferred percentages, and includes guidance on our other objectives for this type of housing. The preferred percentages in Figure 1 are based on the affordable housing need identified by the Camden Strategic Housing Market Assessment 2016 (SHMA) (Figure 96), with some adjustment to reflect the greater viability of small affordable homes. The SHMA did not consider that any of the affordable need identified under the definitions adopted in 2016 could be met by intermediate housing.

Figure 1. Mix of social-affordable rented housing

<p>Overall aim: 50% of homes with 3 bedrooms or more</p> <p>Preferred mix:</p> <ul style="list-style-type: none"> • 1-bedroom homes – no more than 15% • 2-bedroom homes – 35% • 3-bedroom homes – 30% or up to 50% if our preferred percentage of 4-bedroom homes is not provided • 4-bedroom homes – 20% <p>Other objectives:</p> <ul style="list-style-type: none"> • A proportion of social-affordable rented homes should have physically separate kitchens and living areas where practical, particularly 3- and 4-bedrooms homes. <p>Wheelchair user dwellings:</p> <p>In accordance with Local Plan Policy H6 and accompanying paragraphs 3.154 - 3.155:</p> <ul style="list-style-type: none"> • at least 10% of affordable homes should be designed to comply with Building Regulation M4(3) for wheelchair user dwellings • we will aim for social-affordable rented homes to include more than 10% wheelchair user dwellings where possible, with a corresponding reduction in the market and/ or intermediate sectors • we will particularly seek wheelchair user dwellings in the social-affordable rented sector in the form of 2-bedroom 4-person homes and 3-bedroom 5-person homes or 3-bedroom 6-person homes • wheelchair user dwellings in the social-affordable rented sector should be designed, built and fitted-out to comply with Building Regulation M4(3)(2)(b) for <i>wheelchair accessible dwellings</i>.
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- 3.39 When considering the proportion of large homes in a development, we will seek to manage child density in accordance with Local Plan paragraph 3.199. Where schemes involve both social-affordable rented housing and intermediate housing, it may often be appropriate to have a high proportion of social-affordable rented homes with three bedrooms or more and a high proportion of intermediate homes that are studios or

one-bedroom homes. Such schemes can potentially meet our dwelling size priorities while limiting overall child density.

Dwelling sizes for intermediate housing

- 3.40 The Council will generally seek **intermediate rented housing** in accordance with our [Intermediate Housing Strategy](#), rather than other intermediate products (eg shared-ownership housing), as set out in paragraphs 3.9 and 3.10 of this guidance. The majority of intermediate housing in each scheme should be affordable to households with gross annual incomes between £31,950 and £42,600 (based on 2019 earnings, with incomes adjusted by wage inflation), and all should be affordable with gross annual incomes of no more than £60,000 (subject to updates in the London Plan Annual Monitoring Report).
- 3.41 As indicated in paragraphs 3.13 and 3.14 of this guidance, the Council will not generally support proposals in Camden for shared-ownership or seek housing at London Living Rents. Information about intermediate housing for essential local workers or key workers is included in paragraph 3.15.
- 3.42 The Council considers housing to be affordable where housing costs (including rent and service charges) take up no more than 40% of net household income (with net income assumed to be 70% of gross income). When the affordability of intermediate housing is assessed, service charges are included as part of the overall cost, and we will encourage developers to design intermediate housing to minimise service charges in accordance with paragraphs 3.22 and 3.23 of this guidance.
- 3.43 Based on the affordability calculation set out above, the maximum cost affordable to a household with a gross annual income of £31,950 would be £172 per week, the maximum cost with a gross annual income of £42,600 would be £229 per week, and the maximum cost with a gross annual income of £60,000 would be £323 per week.
- 3.44 In accordance with Local Plan Policy H6, for intermediate housing, we will give high priority to studio and one-bedroom homes, and will also support two bedroom/ four person homes in appropriate circumstances, as set out in paragraph 3.46 below. To ensure that housing costs reflect dwelling size and provide for our target income groups, a scheme could potentially include studio flats at rents of £172 per week, one-bedroom flats at rents of £229 per week and two-bedroom flats at rents of £323 per week. However, we will seek a range of rents appropriate to the particular homes in each scheme, subject to ensuring they are affordable to households with gross annual household incomes of no more than £60,000 per year (subject to updates in the London Plan Annual Monitoring Report).

Figure 2. Mix of intermediate rented housing

Preferred mix:

- Studio flats/ 1-bedroom homes – a substantial proportion is expected in all schemes
- 2-bedroom homes – a proportion of high quality two bedroom/ four-person homes may be included where they are genuinely suitable for sharers, and available for letting on a shared basis to two jointly-eligible households, as well as letting to families
- 3-bedrooms or more – we will only support provision of intermediate homes with three bedrooms or more where they are genuinely affordable to target income families and can be included without a reduction in the proportion of Social Rented homes

Other objectives:

- Intermediate rented homes should be affordable to the target income groups set out in paragraphs 3.40 and 3.42 of this guidance.

Wheelchair user dwellings:

In accordance with Local Plan Policy H6 and accompanying paragraphs 3.154 - 3.155:

- at least 10% of affordable homes should be designed to comply with Building Regulation M4(3) for wheelchair user dwellings
- we will aim for social-affordable rented homes to include more than 10% wheelchair user dwellings where possible, with a corresponding reduction in the market and intermediate sectors
- any wheelchair user dwellings in the intermediate sector should be designed to comply with Building Regulation M4(3)(2)(a) for *wheelchair adaptable dwellings*.

- 3.45 Details of our dwelling size preferences and other priorities for intermediate rented homes are set out in Figure 2. Currently, over 70% of those included on our Intermediate Housing Register of Interest have indicated that they would need a studio or 1-bedroom home. Consequently, we will expect studio and 1-bedroom homes to form a substantial proportion of any intermediate rent homes provided in Camden.
- 3.46 Currently, around 20% of those included on our Intermediate Housing Register of Interest have indicated that they would need a 2-bedroom home. In addition, 2-bedroom homes suitable for sharers can provide opportunities for those in our target income groups to access high quality homes at affordable rents. We will support inclusion of high quality two bedroom/ four person homes for intermediate rent, aimed at sharers as well as families, where these can improve the viability of the scheme and the affordability of the homes to the Council's target income groups (the target income groups and housing costs are set out in paragraphs 3.40 to 3.43 of this guidance). For example, two sharers, each with an individual gross annual income of £30,000, could potentially afford combined housing costs of £323 per week, with their joint household income remaining within the gross annual maximum of £60,000 set by

the London Plan. Any two bedroom/ four person homes should be genuinely suitable for sharers, and available for letting on a shared basis to two jointly-eligible households, as well as letting to families.

- 3.47 Currently, 8% of those included on our Intermediate Housing Register of Interest have indicated that they would need a 3-bedroom home. In most circumstances, it will not be financially viable to provide intermediate rented homes with three bedrooms or more at rents that would be genuinely affordable to families in our target income groups (as set out in paragraphs 3.40 to 3.43 of this guidance), and providing them at genuinely affordable rents would be likely to reduce the proportion of Social Rented homes that could be included in the development. However, having regard to the needs of those on the Register, we will support the inclusion of 3-bedroom intermediate rent homes provided they represent no more than 10% of the intermediate rent homes in the scheme and can be provided at genuinely affordable rents without harm to the delivery of Social Rented homes.
- 3.48 Where schemes involve both social-affordable rented housing and intermediate housing, it may often be appropriate to have a high proportion of intermediate homes that are studios or one-bedroom homes and a high proportion of social-affordable rented homes with three bedrooms or more. Such schemes can potentially meet our dwelling size priorities while limiting the cost of the intermediate homes.

4 Meeting requirements for housing and affordable housing

KEY MESSAGES

- We will require 50% of additional floorspace to be self-contained housing in development involving more than 200 sq m (GIA) additional floorspace in the Central London Area and the larger town centres⁴
- Self-contained housing should be provided on site, particularly where 1,000sq m (GIA) of additional floorspace or more is proposed
- We expect a contribution to affordable housing from all developments that provide one additional home or more and involve a total additional residential floorspace of 100 sq m GIA or more
- An affordable housing target of 50% applies to developments with capacity for 25 or more additional dwellings
- A sliding scale target applies to developments that provide one or more additional homes and have capacity for fewer than 25 additional homes, starting at 2% for one home and increasing by 2% of for each home added to capacity
- For developments with capacity for 10 or more additional dwellings, the affordable housing should be provided on site
- The proportion of housing/ affordable housing will be assessed on the basis of Gross Internal Area (GIA) including common areas
- We may have regard to London Plan threshold approach (fast-track viability route) where proposals must be referred to the Mayor

- 4.1 This section of the CPG generally relates to housing and affordable housing provided to meet general needs in response to Camden Local Plan Policies H2 - *Maximising the supply of self-contained housing from mixed-use schemes* and H4 – *Maximising the supply of affordable housing*, and delivered in association with development of additional non-residential floorspace or market housing. In some circumstances it may also apply to affordable housing provided in association with specialist housing for particular groups, these are considered in paragraphs 4.15 to 4.19 of this CPG.
- 4.2 This section of the CPG includes guidance on the process for assessing requirements for housing under Local Plan Policy H2, and assessing requirements for affordable housing under Local Plan Policy H4. It considers when the requirements apply, how the requirement is measured, how specialist forms of housing are considered, and the method of calculating the requirement.

⁴ Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road

Before an application is submitted

- 4.3 We recommend developers considering the appropriate housing type or the mix of housing and other uses in a proposal to contact the Council's [Planning Policy Team](#) for initial guidance on the interpretation of policies in the Camden Local Plan 2017 and other relevant development plan documents.
- 4.4 We recommend developers considering the appropriate affordable housing types and dwelling size mix in a proposal to contact the Council's [Housing Commissioning and Partnerships Team](#) for guidance on the Council's current affordable housing priorities and which of our affordable housing partners on the [Approved Strategic Partner List](#) would be most appropriate for the scheme. Section 3 of this guidance gives detailed information about providing affordable housing, while paragraphs 3.17 to 3.20 set out the procedural requirements for involvement of the Council and its partners.
- 4.5 A formal [pre-planning application advice service](#) is available for development proposals. A fee is charged for this service on the basis of the size of the proposed development. We strongly encourage developers to use this service if they are proposing development of the type described in this section of the guidance.

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

SELF-CONTAINED HOMES

Homes where all the rooms, including the kitchen, bathroom and toilet are behind a door that only one household can use.

- 4.6 Policy H2 of the Camden Local Plan 2017 indicates that the Council will encourage the inclusion of self-contained homes in non-residential development in all parts of the borough.
- 4.7 Policy H2 also indicates that we will require 50% of additional floorspace to be self-contained housing in developments involving more than 200 sq m (GIA) additional floorspace in the Central London Area and the town centres of Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road.
- 4.8 Self-contained houses and flats are defined as homes where all the rooms, including the kitchen, bathroom and toilet, are behind a door that only one household can use (2011 Census Glossary of Terms). In most cases these homes fall in Use Class C3.
- 4.9 Policy H2 indicates that self-contained housing should be provided on the development site, particularly where 1,000 sq m (GIA) or more of additional floorspace is proposed.
- 4.10 Policy H2 also contains a number of clauses that the Council will take into account in determining whether the requirement applies to a specific scheme, whether the housing should be provided on site, and the most appropriate mix of housing and other uses. More information about

circumstances in which self-contained housing may not be required are provided in Local Plan paragraphs 3.48 and 3.49. Paragraphs 4.49 to 4.66 of this guidance provide information about how we will consider the amount of self-contained housing required.

- 4.11 Where self-contained housing is proposed as part of a mixed-use development, affordable housing will also be sought in accordance with Policy H4 Maximising the supply of affordable housing.

Which developments should contribute to affordable housing?

- 4.12 Policy H4 of the Camden Local Plan 2017 indicates that the Council will expect a contribution to affordable housing from all developments that provide one or more additional homes and involve a total addition to residential floorspace of 100 sq m GIA or more, including mixed-use developments.
- 4.13 Policy H4 also indicates that where developments have capacity for 10 or more additional dwellings, the affordable housing should be provided on site. Where developments have capacity for fewer than 10 additional dwellings, the Council will accept a payment-in-lieu of affordable housing.
- 4.14 Paragraphs 4.32 to 4.35 of this guidance explain how we will assess the capacity of a development for additional dwellings.

Specialist forms of housing (outside Use Class C3)

- 4.15 As indicated in the Camden Local Plan 2017, where additional non-residential development is proposed, the provisions of Policy H2 specifically seek the inclusion self-contained housing in Use Class C3. As an exception, where non-residential development is proposed to serve a publicly-funded higher education institution, the Council may support the inclusion of student housing that serves the same institution, as set out in Local Plan paragraph 3.50.
- 4.16 As indicated in the Camden Local Plan 2017, the provisions of Policy H4 seeking affordable housing apply to all housing that is self-contained, including self-contained homes for older people (usually in Use Class C3). As set out in Local Plan paragraphs 3.82 and 3.100, the provisions of Policy H4 also apply if additional floorspace is proposed in Use Class C4 (small houses in multiple occupation) as these can be used as self-contained C3 homes without submitting a planning application.
- 4.17 Further provisions relating to housing for older people are included in the Camden Local Plan (Policy H8 - *Housing for older people, homeless people and vulnerable people*) and the draft London Plan 2019 (Policy H13 - *Specialist older persons housing*).
- 4.18 Different mechanisms for seeking affordable housing may be appropriate where specialist housing is being developed for particular groups, notably student housing, build to rent, and larger schemes for

housing with shared facilities ('houses in multiple occupation') (*outside* Use Class C4). Affordable housing provided in association with these specialist housing types should be considered having regard to relevant provisions in the Local Plan, other CPG documents, and draft London Plan 2019, including:

- Local Plan Policy H4 - *Maximising the supply of affordable housing*
- Local Plan Policy H6 – *Housing choice and mix*
(includes provisions relating to build to rent)
- draft London Plan Policy H11 - *Build to rent*
- Local Plan Policy H9 – *Student housing*
- draft London Plan Policy H15 - *Purpose-built student accommodation*
- Student Housing CPG
- Local Plan Policy H10 - *Housing with shared facilities*
- draft London Plan Policy H16 - *Large-scale purpose-built shared living*

- 4.19 Where the Council applies Policy H4 to specialist types of housing we will have particular regard to Policy H4 criteria (j) to (p).

Using floorspace to assess the proportion of housing and affordable housing

- 4.20 The floorspace thresholds relating to Camden Local Plan 2017 Policies H2 and H4 refer to additions to gross floorspace (and are assessed in terms of Gross Internal Area – GIA – this includes shared staircases and corridors and the thickness of partition walls, but excludes the thickness of external walls). The policy requirements in Policy H2 are not triggered by increases in net non-residential floor space that take place wholly within the existing building envelope and do not constitute development. However, works involving a change to residential use will trigger Policy H4 affordable housing requirements where they provide one or more additional homes and involve a total addition to residential floorspace of 100 sq m GIA or more.
- 4.21 The Camden Local Plan 2017 has adopted Gross Internal Area (GIA) to assess floorspace as it is generally available from planning application forms and/ or additional information requirement forms for CIL (Community Infrastructure Levy). For residential development, the use of floorspace (GIA) enables the Council to negotiate much-needed large affordable homes, in the context of Camden's high existing percentages of small homes and overcrowding in the Social Rented sector (see Local Plan paragraphs 3.109 and 3.186 to 3.189).
- 4.22 Section 6 of this guidance 'Payments in lieu of housing and affordable housing' also provides rates for payments in lieu of housing and affordable housing based on Gross Internal Area (GIA).

GROSS INTERNAL AREA (GIA)/ GROSS INTERNAL FLOORSPACE

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

- 4.23 Floorspace should be measured in accordance with contemporary professional measurement practice, such as the Valuation Office Agency's code of measuring practice, having regard to the Nationally Described Space Standard for housing. For the purposes of Policies H2 and H4, the starting point for calculating housing and affordable housing requirements is the Gross Internal Area of the proposed building (or changes to it), including common entrances, corridors, staircases and lifts that are internal to the building. This is consistent with the measurement of additional floorspace used for the purpose of for CIL (Community Infrastructure Levy). *Gross Internal Area should not be calculated by adding together the floorspace of individual non-residential units or homes, which is broadly equivalent to Net Internal Area (NIA).*
- 4.24 Where the information provided with a planning application uses an alternative basis for floorspace measurements, the Council will ask the applicant to re-provide them in the form of Gross Internal Area (GIA). If GIA measurements are not made available, the Council will consider converting alternative measurements as follows:
- to convert Net Internal Area (NIA) to GIA – multiply by 1.187
 - to convert Gross External Area (GEA) to GIA – multiply by 0.95
- 4.25 We strongly encourage developers to submit a schedule as part of their planning application setting out the existing and proposed GIA respectively for each of the following:
- non-residential elements
 - self-contained market housing
 - affordable housing proposed for Social Rent or London Affordable Rent
 - affordable housing proposed for intermediate rent
 - any other types of housing proposed.

London Plan approach to measuring affordable housing

- 4.26 As set out in paragraphs 3.30 and 3.31 of this guidance, the Council does not consider that the draft London Plan approach to measuring affordable housing on the basis of habitable rooms is appropriate in Camden. The Council will continue to assess the percentage of affordable housing and the mix of affordable housing types on the basis of floorspace, and will only consider assessments based on habitable rooms in relation to strategic developments that must be referred to the Mayor prior to decision-making under the provisions of the [Town and Country Planning \(Mayor of London\) Order 2008 \(as amended\)](#).

How much affordable housing do we expect?

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

National threshold and contributions from small sites

- 4.28 Government guidance seeks to limit development contributions from small-scale developers by setting a national threshold of 10 homes and 1,000 sq m which developments should exceed for affordable housing contributions to be sought. The Camden Strategic Housing Market Assessment 2016 (SHMA) estimates the borough's requirement for additional affordable homes to be around 10,000 homes for the 15-year Plan period, compared with a Local Plan target of 5,300 additional affordable homes based on likely delivery. Given the gap between the requirements and the likely delivery, the Council has secured an exception to the national threshold through the Local Plan examination process. Consequently an affordable housing contribution is sought from all developments that provide one or more additional homes and involve an addition to residential floorspace of 100sqm GIA or more. The purpose of the sliding scale is to achieve the maximum reasonable

contribution to affordable housing overall without deterring small-scale development.

London Plan threshold approach and Local Plan Policy H4

- 4.29 Policy H4 of the draft London Plan 2019 – *Delivering affordable housing* - sets a strategic target for 50% of all new homes to be genuinely affordable. However, draft London Plan Policy H5 - *Threshold approach to applications* goes on to set a lower percentage threshold for some schemes, which may allow developments including housing to proceed on a fast-track viability route despite providing less than 50% affordable housing. Given the gap between affordable housing requirements in Camden and likely affordable housing delivery, the Council will strive to achieve 50% affordable housing in all developments that include housing and have capacity for 25 or more additional homes, and meet our sliding scale target for smaller schemes.
- 4.30 The 35% threshold in draft London Plan Policy H5 clause B is not relevant to developments in Camden with capacity for 17 or less additional homes, as the sliding scale target for such developments arising from the Camden Local Plan will be 34% or less. For larger developments, the Council may have regard to the London Plan threshold approach where appropriate, particularly in relation to strategic developments that must be referred to the Mayor prior to decision-making under the provisions of the [Town and Country Planning \(Mayor of London\) Order 2008 \(as amended\)](#). However, in all cases, the Council will only consider the threshold approach (fast-track viability route) where the development meets all the criteria set out in section C of draft London Plan Policy H5. To satisfy the criteria, developments must:
- meet or exceed the London Plan threshold level of affordable housing on site and without public subsidy;
 - comply with the Council's guidelines for 60% of affordable housing to be for social-affordable rent (in the form of London Affordable Rent or Social Rent homes) and 40% of affordable housing to be intermediate rented housing (see section 3 of this CPG for more information);
 - meet all other relevant policy requirements and obligations; and
 - demonstrate that they have sought to deliver 50% affordable housing by using any grant that may be available for schemes where the London Plan's fast-track viability threshold is exceeded.
- 4.31 For further information on how the Council will assess proposals where the applicant is seeking to proceed on a fast-track viability route, please see section 7 of this guidance, 'Viability assessments related to housing and affordable housing requirements'.

Capacity and affordable housing percentage target

- 4.32 As indicated in paragraph 4.27 of this guidance, affordable housing targets are based on an assessment of development capacity whereby an additional residential floorspace of 100 sq m GIA is generally

considered to create capacity for one additional home. Developments that involve one additional home and an addition to residential floorspace of 100 sq m GIA are considered to have capacity for one additional home. For developments of over 100 sq m GIA, each additional 100 sq m GIA added to the development is considered to create capacity for an additional dwelling (including capacity for a share of common areas such as shared staircases, entrance halls and corridors). Provided that the development provides at least one additional home (ie it is not an extension to an additional dwelling), the number of dwellings proposed will not influence the assessment of capacity.

- 4.33 We acknowledge that an addition of 100 sq m residential floorspace will not create capacity for an additional home in every single case. In assessing capacity, the Council will take into account any constraints that might prevent the additional area from contributing to the number of homes in the scheme (e.g. does the additional residential space have access to natural light, does it involve conversion of a Listed Building that cannot appropriately be subdivided?).
- 4.34 We will round additional housing floorspace to the nearest 100 sq m to give capacity in terms of the nearest whole number, which will be upwards in some instances and downwards on others:
- an additional 1,245 sq m GIA will generally have capacity for 12 additional homes (12 is the nearest whole number to 12.45);
 - an additional 1,775 sq m GIA will generally have capacity for 18 additional homes (18 is the nearest whole number to 17.75); and
 - an additional 2,360 sq m GIA will generally have capacity for 24 additional homes (24 is the nearest whole number to 23.6).
- 4.35 Local Plan Policy H4 does not apply to existing *residential floorspace* which is being retained or replaced as part of the development, and existing residential floorspace will not influence the assessment of development capacity. However:
- any existing affordable housing floorspace on the development site should be retained or replaced independently of the affordable housing target in accordance with Local Plan Policy H5; and
 - Policy H4 *does* apply to additional residential floorspace created by converting or redeveloping existing *non-residential* floorspace, and such floorspace will form part of the assessment of development capacity.
- 4.36 We will use the assessment of capacity and the sliding scale to determine the affordable housing percentage target. The sliding scale is a simple straight-line scale starting with a 2% affordable housing target for a development that has capacity for one additional home. For every further home added to the capacity of the site, 2% is added to the affordable housing target:

- sites with capacity for 5 additional homes (approx 500 sq m GIA additional residential floorspace) should normally provide 10% affordable housing floorspace;
- sites with capacity for 10 additional homes (approx 1,000 sq m GIA additional residential floorspace) should normally provide 20% affordable housing floorspace;
- sites with capacity for 20 additional homes (approx 2,000 sq m GIA additional residential floorspace) should normally provide 40% affordable housing floorspace; and
- sites with capacity for 25 additional homes (approx 2,500 sq m GIA additional residential floorspace) or more should normally provide 50% affordable housing floorspace.

4.37 Figure 3 below indicates how the sliding scale for percentage affordable housing targets will operate in more detail.

Figure 3. Sliding scale for affordable housing percentage targets

Floorspace range 1 or more additional homes with an additional residential floorspace of...	Capacity (rounded floorspace addition ÷ 100 sq m)	Affordable housing percentage target (capacity x 2%)
... 100 sq m GIA and above, but less than 150 sq m GIA	1 additional home	2%
... 150 sq m GIA and above, but less than 250 sq m GIA	2 additional homes	4%
... 450 sq m GIA and above but less than 550 sq m GIA	5 additional homes	10%
... 950 sq m GIA and above but less than 1,050 sq m GIA	10 additional homes	20%
... 1,450 sq m GIA and above but less than 1,550 sq m GIA	15 additional homes	30%
... 1,950 sq m GIA and above but less than 2,050 sq m GIA	20 additional homes	40%
... 2,450 sq m GIA and above	25 additional homes or more	50%

Affordable housing floorspace target

4.38 We will calculate a target for affordable housing and the proportion of housing in each type of housing (market/ social-affordable rented/ intermediate) in terms of additional residential floorspace. See paragraphs 3.30, 3.31 and 4.26 for guidance on the London Plan's habitable rooms approach.

- 4.39 Calculating a target on the basis of the additional floorspace enables us to:
- negotiate family-sized affordable housing in schemes where the developer proposes smaller market homes; and
 - prevents an under-provision of affordable housing where the developer proposes unusually large market homes.
- 4.40 Calculations will *not* be based on the number of dwellings as these calculations would create an incentive for the developer to provide the smallest affordable homes possible.
- 4.41 The affordable housing floorspace target will be determined by applying the affordable housing percentage target to *all* additional housing floorspace proposed. The percentage target is *not* applied to the rounded floorspace, which is only used to assess the *capacity* for additional homes, and the *percentage* affordable housing target.
- 4.42 The affordable housing percentage target will not be applied to any existing residential floorspace which is being retained or replaced as part of the development. However:
- the affordable housing percentage target will be applied to additional residential floorspace created by converting or redeveloping existing *non-residential* floorspace; and
 - any existing affordable housing floorspace on the development site should be retained or replaced independently of the affordable housing target in accordance with Local Plan Policy H5.
- 4.43 The affordable housing percentage target will generally be applied to the additional Gross Internal Area (GIA) to provide the affordable housing floorspace target as a GIA. This approach ensures consistency at each stage in the calculation and ensures that different components of the scheme are assessed on a comparable basis. In rare circumstances where internal communal areas are shared between market housing and affordable housing and it is unduly complex to assign the communal areas to the different housing types, the split percentage can be applied to the additional Net Internal Area (NIA) to provide the affordable housing floorspace target as a NIA.
- 4.44 As indicated in paragraph 4.13 of this guidance, we will accept a payment in lieu of affordable housing where developments have capacity for fewer than 10 additional dwellings (based on paragraph 4.34 and Figure 3, this will generally be developments involving additional residential floorspace of less than 950 sq m GIA), and exceptionally in other circumstances. Our rate for payments in lieu of affordable housing and methods for calculating the payment are provided in section 6 of this guidance 'Payments in lieu of housing and affordable housing'.
- 4.45 Where developments have capacity for 10 or more additional homes (based on paragraph 4.34 and Figure 3, this will generally be developments involving 950 sq m GIA or more additional residential floorspace), the affordable housing should be provided on site. Figure 4

below gives examples of how we will calculate the on-site affordable housing floorspace target.

Figure 4. Calculating the on-site affordable housing floorspace target

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

- 4.46 In negotiations for on-site affordable housing, we will focus on seeking affordable homes of an appropriate size and layout rather than absolute mathematical correspondence with the affordable housing floorspace target.
- 4.47 Policy H4 of the Camden Local Plan 2017 indicates that the Council will take into account many other characteristics of the development, the site and the area when considering whether affordable housing should be sought, whether provision should be made on site, and the scale and nature of the provision that would be appropriate. Where we agree that

the affordable housing can be provided off-site, the amount of affordable housing sought will be adjusted. These adjustments are explained in section 5 of this CPG 'Proposals for off-site delivery of housing or affordable housing'.

- 4.48 The Camden Local Plan Review Financial Viability Study 2015 examined the viability of the sliding scale and the 50% floorspace target for sites with capacity for 25 homes or more. The Study indicates that the scale and target is financially viable for a range of scheme types across a range of locations in the borough. However, there will be circumstances where the percentage of affordable housing sought by the sliding scale or target is not viable. Section 7 of this CPG 'Viability assessments related to housing and affordable housing requirements' explains what we will expect from the developer in these circumstances.

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

- 4.49 Camden Local Plan Policy H2 indicates that we will require 50% of additional floorspace to be self-contained housing in developments involving more than 200 sq m (GIA) additional floorspace in the Central London Area and the larger town centres⁵. Policy H2 contains five criteria that the Council will take into account in determining whether the self-contained housing requirement applies to a specific scheme.
- 4.50 Policy H2 indicates that the Council will take into account all ten of the policy's criteria in considering the most appropriate mix of housing and other uses. Where the Policy H2 requirement for self-contained housing applies, the housing is required on site as part of a mix of uses, and the on-site percentage target is 50% of additional floorspace in all cases. The self-contained housing floorspace target will generally be applied to the total addition to floorspace, and will be assessed on the basis of GIA.
- 4.51 Discussions about development generally commence by considering what capacity the site has for additional floorspace. We recommend that prospective applicants respond to Policy H2 by considering the likely total additional floorspace in the first instance, and then considering how it might be configured so that 50% of the additional floorspace is provided as self-contained housing (rather than commencing with an objective to achieve a fixed quantum of additional non-residential floorspace). However, certain aspects of the development need to be considered in determining how the 50% target is applied to calculate the self-contained housing floorspace target:
- the 50% target does not apply to existing floorspace which is being retained or replaced;

⁵ Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road

- any existing residential floorspace on the development site should be retained or replaced independently of the 50% target in accordance with Local Plan Policy H3;
- the 50% target does not apply to additional floorspace for student housing or other non self-contained housing for long-term residents;
- any additional floorspace for student housing or other non self-contained housing for long-term residents should be deducted from the total addition to floorspace before the 50% target is applied;
- the 50% target *does* apply to additional floorspace for visitor accommodation (including hotels, serviced apartments and hostels aimed at tourists and backpackers), and such floorspace should be included as part of the total addition to floorspace when the 50% target is applied; and
- any additional floorspace proposed for self-contained housing should be included as part of the total addition to floorspace when the 50% target is applied, but it will also contribute to meeting the housing floorspace requirement.

London Plan and weight given to offices and other CAZ functions

4.52 Policy SD5 of the draft London Plan 2019 – *Offices, other strategic functions and residential development in the CAZ* – indicates that offices and other CAZ functions are to be given greater weight relative to new residential development in most parts of the CAZ. We consider the approach of Local Plan Policy H2 to be consistent with the draft London Plan because Policy H2 provides for offices and other strategic functions by:

- exempting existing non-residential floorspace that is retained or replaced from our housing requirements; and
- applying ten criteria to consider the most appropriate mix of uses, including taking account of the character of the development, the site and the area, and the extent of any additional floorspace needed for an existing user.

London Plan threshold approach and Local Plan Policy H2

4.53 Paragraphs 4.29 to 4.31 of this guidance set out how the Council will consider the London Plan threshold approach to affordable housing (fast-track viability route). In summary:

- the Council will strive to achieve 50% affordable housing in all developments that include housing and have capacity for 25 or more additional homes, and meet our sliding scale target for smaller schemes; and
- the Council may have regard to London Plan threshold approach where appropriate, particularly in relation to strategic developments that must be referred to the Mayor prior to decision-making under the provisions of the [Town and Country Planning \(Mayor of London\) Order 2008 \(as amended\)](#).

- 4.54 The operation of London Plan threshold approach (fast-track viability route) is constrained further where self-contained housing is required by Local Plan Policy H2. Policy H2 and supporting paragraphs indicate that in the Central London Area and the larger town centres⁶, the Council will take the financial viability of the development into account when considering the appropriate mix of housing and other uses. Where the provision of self-contained housing falls significantly short of the Council's 50% target due to financial viability, the Council will seek a further viability review close to substantial completion, and where justified by viability improvement, will require a deferred contribution to housing.
- 4.55 Paragraph 4.30 of this guidance sets out four criteria that developments must satisfy to qualify for the London Plan threshold approach (fast-track viability route), one of which is to meet all other relevant policy requirements and obligations. Consequently, for developments in the Central London Area and the larger town centres⁶, the Council will not consider proposals on the basis of the London Plan threshold approach (fast-track viability route) unless any relevant requirements of Local Plan Policy H2 have been met in full. Where a requirement for 50% self-contained housing applies, we will not consider proposals to qualify for the fast-track viability route unless 50% or more of all additional floorspace will be self-contained housing.
- 4.56 The Council may adopt a more flexible approach to proposals that fail to meet a Policy H2 requirement for self-contained housing where the proposal meets or exceeds the 50% affordable housing target for schemes with capacity for 25 or more additional homes, or the sliding scale target for smaller schemes.

Affordable housing expected as part of a mix of uses

- 4.57 Supporting paragraphs to Local Plan Policy H2 confirm that where self-contained housing is required, the appropriate mix of housing will include affordable housing, subject to the provisions of Policy H4. Local Plan Policy H4 gives targets and criteria which we use to assess the appropriate contribution to affordable housing from all developments involving one or more additional homes and additional residential floorspace of 100sqm GIA or more, including mixed-use schemes.
- 4.58 Considering Policies H2 and H4 together, where the requirement for self-contained housing applies, it will generally be necessary to calculate a specific affordable housing percentage target and a specific market housing percentage target. The affordable housing percentage target should be calculated starting with the self-contained housing floorspace target arising from Policy H2, and assessing the capacity for this floorspace for additional homes in accordance with paragraphs 4.32 to 4.37 of this guidance. The market housing percentage target will be the

⁶ Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road

remainder of the self-contained housing required after the affordable housing percentage target has been deducted (ie 100% minus the affordable housing percentage target).

Market and affordable floorspace targets

- 4.59 Once the affordable housing percentage target and the market housing percentage target have been calculated, they should be applied to the self-contained housing floorspace target to produce a market housing floorspace target and an affordable housing floorspace target, following the methodology set out in paragraphs 4.38 to 4.48 of this guidance. Figure 5 sets out four examples of the calculation of market and affordable housing floorspace targets for progressively larger schemes.
- 4.60 Different thresholds in Policies H2 and H4 indicate whether on-site provision is expected or whether off-site provision (or a payment in lieu) may be accepted, as follows:
- Policy H2 requires self-contained housing to be provided on site (particularly where 1,000sq m (GIA) of additional floorspace or more is proposed); and
 - Policy H4 expects affordable housing to be provided on site (for developments with capacity for 10 or more additional dwellings).
- 4.61 Each policy also has a set of criteria that the Council will use to consider whether on-site provision is practical or off-site provision would be more appropriate. Where we agree that off-site provision is appropriate, the targets for self-contained housing and affordable housing will be adjusted. These adjustments are explained section 5 of this CPG 'Proposals for off-site delivery of housing or affordable housing'.
- 4.62 The targets given in Figure 5 are all calculated on the basis that self-contained housing and affordable housing will be provided on site as part of the development. However, the examples have been selected to illustrate the impact of thresholds in Policies H2 and H4 triggering on-site requirement.
- Example 1 shows calculation of the targets where the total addition to floorspace is below 1,000 sq m GIA, and illustrates that in this scenario there is potential for a payment in lieu of affordable housing and off-site provision or a payment-in-lieu of market housing.
 - Example 2 shows calculation of the targets where the total addition to floorspace is between 1,000 sq m and 2,000 sq m GIA, and illustrates that in this scenario we will accept a payment in lieu of affordable housing but expect market housing to be provided on site.
 - Example 3 shows a total addition to floorspace above 2,000 sq m GIA, and in this scenario we will expect affordable and market housing to be provided on site.
 - Example 4 shows that where the total addition to floorspace is 5,000 sq m GIA or more, the self-contained housing floorspace target is 2,500 sq m GIA or more, the affordable housing percentage target

is 50%, and the housing floorspace should be divided equally between affordable housing and market housing.

Figure 5. Calculating the market housing and affordable housing floorspace targets as part of a mix of uses

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

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

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

Total addition to floorspace proposed	1,450 sq m GIA
Self-contained housing floorspace target	$1,450 \times 50\% = 725$ sq m GIA
Capacity	$700 / 100 = 7$ additional homes
Affordable housing percentage target	$7 \times 2\% = 14\%$
Affordable housing floorspace target	$725 \times 14\% = 101.5$ sq m GIA
Is off-site provision or a payment in lieu of affordable housing acceptable?	yes, Policy H4 indicates that where developments have capacity for fewer than 10 additional dwellings, the Council will accept a payment-in-lieu of affordable housing
Market housing percentage target	$100 - 14\% = 86\%$
Market housing floorspace target	$725 \times 86\% = 623.5$ sq m GIA
Is off-site provision or a payment in lieu of market housing acceptable?	only exceptionally – Policy H2 indicates that we will require self-contained housing to be provided on site, particularly where 1,000sq m (GIA) of additional floorspace or more is proposed

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

Total addition to floorspace proposed	2,730 sq m GIA
Self-contained housing floorspace target	$2,730 \times 50\% = 1,365$ sq m GIA
Capacity	$1,400 / 100 = 14$ additional homes
Affordable housing percentage target	$14 \times 2\% = 28\%$
Affordable housing floorspace target	$1,365 \times 28\% = 382.2$ sq m GIA
Is off-site provision or a payment in lieu of affordable housing acceptable?	only exceptionally – Policy H4 indicates that for developments with capacity for 10 or more additional dwellings, the affordable housing should be provided on site
Market housing percentage target	$100\% - 28\% = 72\%$
Market housing floorspace target	$1,365 \times 72\% = 982.8$ sq m GIA
Is off-site provision or a payment in lieu of market housing acceptable?	only exceptionally (as stated in Example 2)

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

Total addition to floorspace proposed	5,180 sq m GIA
Self-contained housing floorspace target	$5,180 \times 50\% = 2,590$ sq m GIA
Capacity	$2,600 / 100 = 26$ additional homes (ie "25 homes or more")
Affordable housing percentage target	$25 \times 2\% = 50\%$
Affordable housing floorspace target	$50\% \times 2,590 = 1,295$ sq m GIA
Is off-site provision or a payment in lieu of affordable housing acceptable?	only exceptionally (as stated in Example 3)
Market housing percentage target	$100\% - 50\% = 50\%$
Market housing floorspace target	$50\% \times 2,590 = 1,295$ sq m GIA
Is off-site provision or a payment in lieu of market housing acceptable?	only exceptionally (as stated in Examples 2 and 3)

4.63 The different thresholds and criteria in Policies H2 and H4 relating to on-site and off-site provision create potential for developers to meet requirements market housing and affordable housing in a variety of different ways where both policies apply together.

- Where the total addition to floorspace proposed is below 1,000 sq m GIA (as illustrated by Example 1) the requirements of both policies can potentially be met off-site or through a payment-in-lieu, or alternatively market housing may be provided on-site whilst a payment-in-lieu is made in place of affordable housing.
- Where the total addition to floorspace proposed is at least 1,000 sq m but below 2,000 sq m GIA, and there is capacity for fewer than 10

additional homes (as illustrated by Example 2), market housing should generally be provided on-site whilst a payment-in-lieu may be made in place of affordable housing.

- 4.64 For schemes with a total addition to floorspace of 2,000 sq m GIA or more and capacity for 10 additional homes or more (as illustrated by Examples 3 and 4), we will generally expect all the self-contained housing and affordable housing required by Policies H2 and H4 to be provided on site.
- Proposals for off-site delivery of housing or affordable housing will only be considered where all options for on-site delivery have been fully explored, and we will expect a better contribution (in terms of quantity and/ or quality) than could be achieved on site – for more details see section 5 of this guidance 'Proposals for off-site delivery of housing or affordable housing'.
 - Proposals for payments in lieu of housing/ affordable housing will only be considered in exceptional circumstances where options for both on-site and off-site delivery have been fully explored – for more details see section 6 of this guidance 'Payments in lieu of housing and affordable housing', which includes a further exploration of the examples provided in Figure 5.
- 4.65 For schemes where self-contained housing is required on site as part of a mixed use development, but it is not possible to meet the full housing requirement, we may prioritise the delivery of affordable homes. This reflects the gap between the number of affordable homes needed in Camden the number likely to be delivered, as set out in paragraph 4.28 of this guidance. In these circumstances affordable housing might be provided on site as part of the development whilst market housing is offered in the form of an off-site contribution or payment-in-lieu.
- 4.66 The Camden Local Plan Review Financial Viability Study 2015 examined the viability of the 50% target in Policy H2. The Study indicates that the target is financially viable for a range of scheme types across a range of locations in the Central London Area and the larger town centres. However, there will be circumstances where providing 50% of the additional floorspace as self-contained housing is not viable. Section 7 of this CPG 'Viability assessments related to housing and affordable housing requirements' explains what we will expect from the developer in these circumstances.

5 Proposals for off-site delivery of housing or affordable housing

KEY MESSAGES

- Proposals for off-site delivery of housing or affordable housing will not be considered until all options for on-site delivery have been fully explored
- Off-site delivery will only be accepted where it does not undermine the benefits of mixed-use areas or conflict with the creation of mixed, inclusive and sustainable communities
- Targets for off-site delivery of housing or affordable housing will be considered taking into account the overall increase in floorspace (or housing floorspace) across all related sites
- Off-site delivery will only be accepted where it will provide a better contribution (in terms of quantity and/ or quality) than could be achieved on site
- Off-site delivery will only be accepted in the same part of the borough as the application site
- Off-site delivery should generally be secured through a joint planning process across all sites involved
- The Council may consider the use of residential land-use credits and/ or affordable housing credits where the benefits of a credits mechanism would outweigh any loss of certainty and transparency
- Where the creation of credits is included as part of a resolution to grant permission for housing/ affordable housing, the credits may form a material consideration offsetting policy requirements at a future application site
- The existence of credits cannot fetter the Council's decision making in relation to a future application site, and cannot form a planning condition or planning obligation

- 5.1 This section of the CPG relates to the requirements of the Camden Local Plan 2017 arising from Policy H2 - *Maximising the supply of self-contained housing from mixed-use schemes* - and/ or Policy H4 – *Maximising the supply of affordable housing* - where the applicant proposes to deliver housing/ affordable housing on an alternative site ('off-site') rather than as an integral part of the development that generates the requirements. Parts of this guidance may also be used to inform off-site replacement of homes protected by Local Plan Policy H5 - *Protecting and improving affordable housing*.
- 5.2 This section sets out steps the applicant should take to fully explore on-site options, sets out how we will calculate an initial target for off-site housing/ affordable housing, sets out how off-site opportunities can be considered, and the flexibility that is available in the Local Plan around the location and quantity of off-site delivery. This section also guides

how residential land-use credits and affordable housing credits may be used in some circumstances to secure housing and/ or affordable housing in advance of any policy requirement arising from Policies H2 or H4.

- 5.3 The Local Plan promotes mixed-use development and mixed, inclusive and sustainable communities in line with the Government's NPPF. To further these objectives:
- Policy H2 indicates that housing requirements should be met on site, particularly where 1,000sq m (GIA) of additional floorspace or more is proposed; and
 - Policy H4 indicates that affordable housing should be provided on site for developments with capacity for 10 or more additional dwellings.
- 5.4 Policy H4 indicates that where developments have capacity for fewer than 10 additional dwellings, the Council will accept a payment-in-lieu of affordable housing. Otherwise Policies H2 and H4 only provide for off-site contributions where provision cannot practically be achieved on-site, or can better be made off-site, assessed on the basis of the criteria set out in the policies and their accompanying paragraphs.
- 5.5 For developments with capacity for 10 or more additional dwellings where a requirement for housing and/ or affordable housing arises under Policies H2 and/ or Policy H4, the Council will only accept payments-in-lieu of housing/ affordable housing in exceptional circumstances – for more information please see section 6 of this guidance, 'Payments in lieu of housing and affordable housing'.
- 5.6 Paragraphs supporting Policy H5 of the draft London Plan 2019 - *Threshold approach to applications* confirm that the London Plan threshold approach (fast-track) viability route is not available to proposals for off-site affordable housing. Consequently, off-site provision will be assessed on the basis of the requirements for housing/ affordable housing set out in this guidance and Policies H2 and H4 of the Camden Local Plan 2017.

Before off-site delivery is considered

- 5.7 In relation to Local Plan Policies H2 and H4, where proposals have capacity for 10 or more additional dwellings, provision of the required housing/ self-contained housing should be made on-site unless an off-site solution is robustly justified. When submitting an application proposing off-site housing/ affordable housing, applicants should demonstrate that they have fully explored all options for on-site delivery, including:
- different configurations of the development and its components;
 - vertical separation of uses/ housing types (between floors); and
 - horizontal separation of uses and tenures (between parts of the site).

- 5.8 When submitting an application proposing off-site affordable housing, applicants will also be expected to show that the following options cannot practically deliver an on-site contribution before off-site solutions will be considered:
- where the site characteristics provide potential for a variety of scheme design and layouts, designing the scheme to provide direct ground floor entrances for each affordable home, or a separate entrance, lobby and staircase/ lift (where staircases and lifts are needed) for each block of affordable homes
 - where it is only possible to provide a single entrance, lobby and staircase/ lift (where staircases and lifts are needed), designing the communal spaces to ensure that service and management charges are sufficiently low for affordable housing occupiers and providers (see also paragraphs 3.21 to 3.24 of this guidance)
 - approaching housing associations and other providers on the Council's [Approved Strategic Partner List](#) at an early stage to gauge their interest in taking transfer of on-site affordable homes and seek their involvement in scheme design
 - offering flexibility to housing associations and other providers to deliver different types of affordable housing (eg intermediate housing)
 - where providing the full affordable housing contribution on-site is not financially viable, providing a reduced affordable housing floorspace on-site
 - where an on-site solution is not financially viable, seeking a top-up payment from the Council's affordable housing fund.
- 5.9 When considering the acceptability of off-site contributions, we will have close regard to all relevant criteria in Local Plan Policies H2 and H4 alongside accompanying paragraphs 3.53 to 3.58 and 3.111 to 3.117. We will also have regard to Policy G1 and the Council's support for residential communities in the Central London Area and the larger town centres⁷, and ensure that off-site contributions do not undermine the benefits of mixed-use areas (such as those identified in paragraph 3.43 of the Local Plan) or conflict with the creation of mixed, inclusive and sustainable communities.
- 5.10 The Council will take the project management and implementation costs of off-site contributions into account and will expect there to be a neutral impact on Council expenditure and resources. S106 legal agreements may therefore need to include a payment to cover the additional costs of delivery of off-site contributions where such costs fall to the Council. Further details are set out in paragraphs 5.46 to 5.49 and 8.7 of this guidance.

⁷ Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road

Key principles guiding off-site delivery

- 5.11 The following terms are used in this guidance to shorten explanations of off-site arrangements:
- **application site** – the site of the proposed development that generates a policy requirement for housing under Policy H2 or affordable housing under Policy H4;
 - **delivery site(s)** – one or more proposed development sites elsewhere intended to meet policy requirements off-site.
- 5.12 Paragraph 3.55 accompanying Local Plan H2 indicates that where off-site housing provision is proposed, we will assess how much housing is required by looking at all sites involved in the arrangement, and expect the development to deliver significantly more housing than it could provide on-site. Paragraph 3.114 accompanying Local Plan Policy H4 indicates that for developments with capacity for 10 or more additional homes, where off-site affordable housing provision is proposed, we will take all related sites into account when assessing how much affordable housing required, and expect the development to deliver a significantly enhanced affordable housing contribution (in terms of quantity and/ or quality) compared with what it could provide on-site.
- 5.13 Having regard to Local Plan paragraphs 3.55 and 3.114, the principle guiding assessment of proposals for off-site delivery is that the proportion of additional housing/ affordable housing floorspace we require should be considered across all sites involved. In other words, we will assess the percentage of additional housing/ affordable housing required across the application site and the delivery site(s) as if they were a single site, and aim to deliver housing/ affordable housing in accordance with the resulting target for on-site delivery. Where off-site delivery sites are introduced, the overall floorspace involved will usually increase (where the affordable housing sliding scale applies, the percentage will also increase), and off-site delivery will usually deliver an enhanced contribution in terms of floorspace.
- 5.14 This principle is consistent with the draft London Plan, which confirms that percentage target for schemes delivering off-site contributions should be met across the main site and any linked sites when considered as a whole (see the supporting paragraphs to Policy H4 of the draft London Plan 2019 – *Delivering affordable housing*).
- 5.15 Calculating the percentage across floorspace on all related development sites helps to ensure that the policies do not provide an unintended incentive towards off-site contributions. Off-site contributions usually allow more non-residential floorspace (or market housing floorspace) to be developed at the application site. Considering the sites together ensures that this gain in non-residential floorspace (or market housing) also leads to a proportionate increase in residential floorspace (or affordable housing floorspace) at the delivery site.

- 5.16 Calculating the proportion across all related development sites also enables land swaps. A land swap enables a developer to offset additional non-residential floorspace (or market housing) at the application site by reducing non-residential floorspace (or market housing) elsewhere.
- Under Policy H2, redeveloping/ converting non-residential floorspace for off-site housing can be used to offset the addition of non-residential floorspace at the application site.
 - Under Policy H4, redeveloping/ converting market housing floorspace for off-site affordable housing can be used to offset the addition of market housing at application site.

How we will assess proposals for off-site delivery

- 5.17 Where an applicant proposes off-site delivery, this raises a variety of potential scenarios that change how we assess the requirement, and the quantum of housing/ affordable housing required. The assessment will vary depending on the information available about the proposed delivery site, and the method of delivering the required housing/ affordable housing.
- 5.18 In relation to information about the delivery site, there are two distinct scenarios:
- delivery site known; and
 - delivery site not yet identified.
- 5.19 In relation to the method of off-site delivery, there are three potential scenarios. Essentially these are:
- new-build;
 - change of use or tenure; and
 - a combination of the two (such as change of use or tenure with an extension).
- 5.20 Off-site new-build could arise from delivery of additional floorspace on a vacant site (eg surface car-park or service yard), or extensions to an existing building. The impact of the additional floorspace on the assessment of all sites together will be as follows:
- the total addition to floorspace will increase; and
 - there will be a contribution to the residential floorspace required; or
 - there will be a contribution to the affordable housing required.
- 5.21 Changes of use or tenure could arise from conversion of an existing building or redevelopment, and could involve replacing a non-residential use with housing, or replacing market housing with affordable housing. The impact of the change of use or tenure on the assessment of all sites together will be as follows:

- in relation to Policy H2 there will be
 - no increase in the total addition to floorspace
 - a contribution to the residential floorspace required
 - a reduction in the net addition to non-residential floorspace;
- - in relation to Policy H4 there will be
 - no increase in the total addition to housing floorspace
 - a contribution to affordable housing required
 - a reduction in the net addition to market housing.

5.22 A combination of new-build and change of use or tenure (such as converting and extending an existing building) will combine the impacts of these two method of off-site delivery.

5.23 These scenarios intersect, so a delivery at a known site could follow any one of the three delivery methods, as could delivery at an unknown site. Consequently, it is not possible to set out a simple assessment process or formula that can be applied in every scenario. However, it is possible to provide guidance in the form of:

- a minimum requirement for housing/ affordable housing – this will arise if the method of off-site delivery is solely change of use or tenure – the minimum is identical to the on-site housing/ affordable housing target, calculated in accordance with process set out in section 4 of this CPG
- a maximum requirement for housing – this will arise if the method of off-site delivery is solely by new-build development – the maximum is known in this guidance as the *initial off-site housing/ affordable housing target*
- a formula for calculating an initial off-site affordable housing target where the sliding scale target applies (ie the total addition to residential floorspace will have capacity for fewer than 25 dwellings).

Assessing the initial off-site housing/ affordable housing target

5.24 To assess the initial off-site target, as a starting point we will consider the on-site percentage target. In the case of Policy H2, and in the case of Policy H4 where the total addition to floorspace has capacity for 25 or more homes, there is a single target of 50% for negotiation of on-site contributions.

- Where the delivery site is known, the initial off-site target will simply involve applying the 50% target across the aggregate net addition to floorspace/ housing floorspace across all sites involved, including the application site and the delivery site(s). We will not base the initial off-site target solely on the floorspace/ housing floorspace proposed on the application site.
- Where the delivery site is not known, the initial off-site target will involve matching the non-residential floorspace addition (or market housing floorspace addition) at the application site with an equivalent residential floorspace addition (or affordable housing floorspace addition) at the delivery site(s). In this way, the total addition to

floorspace (or housing floorspace) will double, and the residential floorspace addition (or affordable housing floorspace addition) at the delivery site will be 50% of that total.

- 5.25 In the case of housing proposals that are subject to the sliding scale target in Policy H4, where the delivery site is known, the on-site affordable housing target will need to be reassessed for the application site and delivery sites(s) together (following the process set out in section 4 of this CPG), based on capacity of the total addition to housing floorspace across all sites. The percentage target arising from the capacity can then be applied to the total floorspace to calculate the affordable housing floorspace required.
- 5.26 In the case of housing proposals that are subject to the sliding scale target in Policy H4, where the delivery site is not known, Figure 7 provides a formula that should be used to calculate an initial off-site affordable housing target as a percentage of the market housing proposed. The formula ensures that the initial off-site affordable housing target as a percentage of *all* housing proposed across both sites is the same as the on-site percentage of affordable housing arising from Policy H4 and section 4 of this guidance. The formula provided does not increase the percentage target across both sites to reflect the overall addition to housing floorspace and the sliding scale, as this would create a much higher initial off-site affordable housing target, and could encourage developers to favour payments-in-lieu over off-site affordable housing provision. Where the Figure 7 formula is used, the rounding processes adopted by section 4 of this CPG should be omitted. Capacity should be considered on the basis of partial homes (eg housing floorspace of 766 sqm GIA has capacity for 7.66 homes) and targets should not be expressed solely as integers (capacity for 7.66 homes generates an affordable housing target of 15.32%).
- 5.27 Figure 6 sets out the how the initial off-site target will be considered under Policy H2 and gives examples of its application, while Figure 7 sets out how the initial off-site affordable housing target will be considered under Policy H4.

Figure 6. Calculating the off-site housing target (Policy H2)

On-site additional floorspace proposed	Generally under 1,000 sq m for an off-site housing contribution to be considered
On-site housing target	50% of net addition to floorspace on the application site
Initial off-site housing target (delivery site known)	50% of aggregate net addition to floorspace across all sites involved (application site plus delivery site(s))
Initial off-site housing target (delivery site unknown)	100% of on-site floorspace proposed – to match the addition to non-residential floorspace

Examples of off-site housing delivery (Policy H2)

Initial off-site target	
Additional floorspace proposed	= 660 sq m
On-site housing floorspace target	= 330 sq m
Remaining on-site addition to non-residential floorspace	= 330 sq m
Ratio of additional on-site non-residential floorspace to on-site additional housing floorspace	330:330 = 50%:50%
Initial off-site housing target (delivery site unknown, 100% application site floorspace)	= 660 sq m
Ratio of resulting additional on-site non-residential floorspace to additional off-site housing floorspace	660:660 = 50%:50%
Off-site delivery through new build	
Off-site housing delivery through new build	= 660 sq m
Resulting on-site addition to non-residential floorspace (no loss of non-residential floorspace at delivery site)	= 660 sq m
Off-site delivery through change of use	
Off-site housing delivery through conversion of non-residential floorspace	= 330 sq m
Resulting on-site addition to non-residential floorspace	= 660 sq m
Off-site loss of non-residential floorspace (through conversion to housing)	= 330 sq m
All sites net addition to non-residential floorspace	= 660 – 330 = 330 sq m
All sites ratio of net additional non-residential floorspace to additional off-site housing floorspace	330:330 = 50%:50%

Figure 7. Calculating the off-site affordable housing target (Policy H4)

Where the sliding scale does not apply	
On-site additional housing floorspace proposed	The 50% target generally applies to additional housing floorspace of 2,500 sq m or more
On-site affordable housing target	50% of net addition to housing floorspace on the application site
Initial off-site affordable housing target (delivery site known)	50% of aggregate net addition to floorspace across all sites involved (application site plus delivery site(s))
Initial off-site affordable housing target (delivery site unknown)	100% of on-site housing floorspace proposed – to match the addition to market housing floorspace
Where the sliding scale applies	
Additional housing floorspace proposed - 'a'	The sliding scale generally applies to additional housing floorspace of less than 2,500 sq m (capacity for less than 25 homes) <i>but a payment-in-lieu is accepted where additional housing floorspace is less than 950 sq m/ capacity for less than 10 homes</i>
On-site affordable housing target -'b' (percentage)	Varies according to the sliding scale for sites with capacity for less than 25 homes
Initial off-site affordable housing target (proportion)	$= b / (100 - b)$
Initial off-site affordable housing target - 'c' (sq m)	$c = a \times b / (100 - b)$

Example 1 - additional housing floorspace 2,500 sq m or more (Policy H4)

Initial off-site target	
Additional housing floorspace proposed	= 2,840 sq m
On-site affordable housing floorspace target	= 1,420 sq m
Remaining on-site addition to market housing floorspace	= 1,420 sq m
Ratio of additional on-site market housing floorspace to additional on-site affordable housing floorspace	1,420:1,420 = 50%:50%
Initial off-site affordable housing target (delivery site unknown, 100% application site floorspace)	= 2,840 sq m
Ratio of resulting additional on-site market housing floorspace to additional off-site affordable housing floorspace	= 2,840:2,840 = 50%:50% ^m
Off-site delivery through new build	
Off-site affordable housing delivery through new build	= 2,840 sq m
Resulting on-site addition to market housing floorspace (no loss of market housing at delivery site)	= 2,840 sq m

Example 2 – additional housing floorspace under 2,500 sq m (Policy H4)

Initial off-site target	
Additional housing floorspace proposed	= 1,560 sq m
On-site affordable housing percentage target (2% x floorspace/ 100)	= 2% x 15.6 = 31.2%
On-site affordable housing floorspace target (housing floorspace x percentage target)	= 31.2% x 1,560 sqm = 486.72 sq m
Remaining on-site addition to market housing floorspace	= 1,560 – 486.72 = 1,073.28 sq m
Ratio of additional on-site market housing floorspace to additional on-site affordable housing floorspace	1,073.28:486.72 = 68.8%:31.2%
Initial off-site affordable housing percentage target	= 31.2/ (100 – 31.2) = 31.2/ 68.8 = 45.35%
Initial off-site affordable housing floorspace target	= 45.35% x 1,560 sq m = 707.46 sq m

Off-site delivery through new build	
Off-site affordable housing delivery through new build	= 707.46 sq m
Resulting on-site addition to market housing floorspace (no loss of market housing at delivery site)	= 1,560 sq m
Ratio of resulting addition to on-site market housing to additional off-site affordable housing floorspace	= 1,560:707.46 = 68.8%:31.2%

Opportunities and flexibility for off-site delivery

5.28 Where it is not practical for development to deliver on-site housing/affordable housing, or delivery can better be made off-site, in accordance with Local Plan Policies H2 and H4, the Council will seek to agree off-site delivery on a site in the applicant's control, and will only accept a payment in lieu in exceptional circumstances. In recent years opportunities to acquire potential delivery sites at relatively low costs have diminished, and it has no longer been possible for developments to meet initial off-site targets in full. The Camden Local Plan 2017 therefore provides additional flexibility to increase the potential for direct off-site delivery, and reduce the risk that any contribution will take the form of a payment in lieu. Additional flexibility is provided in relation to the location of the delivery site, and the potential for the Council to accept an off-site contribution which falls short of the initial target for off-site housing/affordable housing, but is better (in terms of quantity and/ or quality) than can be achieved on-site.

Location

- 5.29 Local Plan Policies H2 and H4 and paragraphs 3.56 and 3.116 provide guidance on acceptable locations for off-site delivery, as follows:
- delivery sites must be in the borough
 - sites should initially be sought in the same ward as the development
 - where the development is south of Euston Road, if there are no delivery sites available in the same ward, we may consider alternative sites south of Euston Road
 - where the application site is north of Euston Road, if there are no delivery sites available in the same ward, we will subsequently consider sites in an adjacent ward to the north of Euston Road, and finally seek the nearest appropriate site to the north of Euston Road
- 5.30 Camden's [pre-2022 ward boundaries](#) are available on the Council's open data website. Three wards are south of Euston Road (Bloomsbury, Holborn and Covent Garden, and King's Cross), the remainder are north of Euston Road.
- 5.31 The Local Government Boundary Commission has published final recommendations for new Camden ward boundaries to take effect at the

local elections in 2022. The [final recommendations and the new ward boundaries](#) are available Commission's website.

- 5.32 The Commission recommends that from 2022, two wards will be wholly south of Euston Road (Bloomsbury, and Holborn and Covent Garden). A new King's Cross ward will straddle Euston Road. Remaining wards will be wholly to the north of Euston Road.
- 5.33 From April 2022, for the purposes of considering potential locations for off-site delivery of housing/ affordable housing, the new King's Cross ward should be treated as two wards, King's Cross North (the element north of Euston Road), and King's Cross South (the element south of Euston Road).

Enhanced quantity and/ or quality

- 5.34 Local Plan Policy H2 provides flexibility for off-site delivery where "housing would more appropriately be provided off-site". Local Plan paragraph 3.55 confirms that we "will generally expect the development to deliver significantly more housing than it could provide on-site". Local Plan Policy H4 provides flexibility for off-site delivery where "offsite provision would create a better contribution (in terms quantity and/ or quality)". Where housing/ affordable housing is delivered off-site, an enhanced offer is sought to take account of the additional non-residential floorspace or market housing that can be achieved on the application site.
- 5.35 Taking these provisions into account, the best *quantitative* outcome for the Council will be the initial *off-site* housing/ affordable housing target, while the minimum acceptable outcome will generally be the *on-site* housing/ affordable housing target. Where an applicant is searching for alternative delivery sites, the search should therefore consider all opportunities falling within the range from the on-site target (minimum acceptable outcome) to the initial off-site target (best outcome).
- 5.36 In Camden, there are very few undeveloped or cleared sites available, and off-site delivery will generally involve conversion or redevelopment of a site in non-residential use. Where an existing non-residential property will be converted or redeveloped to provide off-site housing to meet the requirements of Policy H2, the best outcome will generally be a *net* initial off-site housing target, taking account of any loss of non-residential floorspace at the delivery site. If the housing floorspace is formed entirely through conversion of non-residential floorspace, the net initial off-site housing target will be the same as the on-site housing target (the best outcome will be the same as the minimum acceptable outcome) – as is shown in the final example in Figure 6. More commonly, delivery of off-site housing will involve some conversion and some additional floorspace.
- 5.37 Where an existing non-residential property will be converted or redeveloped to provide off-site affordable housing to meet the requirements of Policy H4 (and *not* the requirements of Policy H2), the

initial off-site affordable housing target will be unaltered by the loss of the non-residential use.

- 5.38 Occasionally, it may be possible for off-site affordable housing to be delivered by converting or redeveloping a site currently providing market housing. This may arise where the applicant is currently managing homes in the private rented sector, or where market homes are available for sale at a relatively low price such that conversion to affordable homes is an attractive option. When considering off-site delivery of affordable housing in this way, the applicant and the Council will need to ensure that service charges sufficiently low for the affordable housing to be transferred to a provider from the Council's [Approved Strategic Partner List](#) and to be available to eligible households. Arrangements of this type are most likely to be feasible where the off-site affordable homes will be within an affordable block already managed by the Council or one of its Approved Strategic Partners (eg by returning former right-to-buy homes to the affordable housing sector), or form an independent affordable block with its own entrance, corridors, stairs and lifts.
- 5.39 Where existing market housing will be converted or redeveloped to provide off-site affordable housing to meet the requirements of Policy H4, the best outcome will generally be a *net* initial off-site affordable housing target, taking account of any loss of market housing floorspace at the delivery site. If the affordable housing is formed entirely through conversion of market housing, the net initial off-site affordable housing target will be the same as the on-site affordable housing target (the best outcome will be the same as the minimum acceptable outcome).
- 5.40 Through Policy H2 criterion (j) and Policy H4 criteria (i) and (p), the Council may accept off-site delivery that delivers a qualitatively better contribution to housing and affordable housing. In the case of Policy H2, a qualitatively better contribution could involve a higher proportion of affordable housing. For example, the Council might accept an off-site housing contribution that does not meet the initial off-site housing target, but all the housing is provided as affordable housing. In the case of Policy H4, a qualitatively better contribution could involve affordable housing at lower rents, or a higher proportion of housing at Social Rent or London Affordable Rent (compared with the Policy H4 guideline of 60%). For example, the Council might accept an off-site affordable housing contribution that does not meet the initial off-site affordable housing target, but all the housing is provided for Social Rent.
- 5.41 Other qualitative enhancements that an off-site contribution might deliver include:
- an improved mix of units (such as a higher proportion of units with 3-bedrooms or more) than could be achieved on-site
 - the provision of more wheelchair accessible dwellings than could be achieved on-site

- higher quality homes (particularly affordable homes), such as a higher proportion of dual aspect homes (homes with openable windows facing two or more directions) than could be achieved on-site.

5.42 Where applicants have fully explored on-site delivery of housing/ affordable housing, they should consider a range of off-site options in accordance with paragraphs 5.29 and 5.35 of this guidance. Once potential delivery sites have been identified, applicants should use our [pre-planning application advice service](#) to discuss how these sites might best deliver an enhanced contribution to housing/ affordable housing, taking account of the nature of the properties available and the types and sizes of homes they could accommodate.

Delivery site searches and acquisitions

5.43 As indicated in Local Plan paragraphs 3.54 and 3.116, we will expect delivery sites for off-site housing/ affordable housing to be specified as a planning obligation secured by a s106 legal agreement. Consequently, delivery sites should generally be in the control of the applicant when the application is determined. Given this constraint, applicants should initially consider the potential of sites already in their ownership.

5.44 Where the applicant does not own any other properties in the borough that meet the location requirements set out in paragraph 5.29 of this guidance, we will expect the applicant to explore the acquisition of properties that are currently properties being marketed to meet those requirements. A number of commercial and residential agents provide tools that will allow those searching the property market to specify the area of search and property type required. These include Rightmove and Estates Gazette (Property Link and Radius Data Exchange).

5.45 When carrying out a market search, applicants should consider opportunities falling within the range of sizes from the on-site floorspace target to the initial off-site floorspace target, as set out in paragraph 5.35 of this guidance. Applicants should generate a list of available properties that meet the location and size parameters set out in this guidance. Applicants should then assess properties in more detail, considering factors such as:

- whether the property can be acquired freehold or on a long lease;
- whether any existing non-residential uses are protected by other development plan policies, and whether they could be retained or replaced as part of a development at the application site or the delivery site;
- whether housing/ affordable housing would be compatible with any other uses remaining at or around the property;
- whether the property can provide appropriate arrangements for access, circulation and service charges to serve market housing and/ or affordable housing; and
- whether the property is capable of providing housing/ affordable housing to a high standard in terms of space and amenity.

Costs and obligations for off-site delivery

- 5.46 Section 8 of this CPG sets out guidance on a wide range of planning obligations that we will use in different circumstances to secure provision of market and affordable housing under Policies H2 and H4. Paragraphs 8.7 and 8.8 set out those planning obligations most likely to be used to secure off-site provision.
- 5.47 When negotiating planning obligations, the Council will take all implementation costs of off-site market and affordable housing contributions into account. As indicated in paragraph 8.7 of this guidance, planning obligations may need to include a payment to cover the costs of delivery of off-site delivery where such costs fall to the Council. These could include site searches/ identification, feasibility/design work, ensuring deliverability, sourcing any additional funding required, and associated professional costs and fees. Any payment will be proportionate to the level of the obligation and will be subject to the financial viability of the development.
- 5.48 The circumstances where a payment may be negotiated to cover the cost of off-site delivery falling to the Council could include where:
- exceptionally, there is no identified delivery site agreed,
 - there is no programmed project and/or planning approval in place, or
 - another party will be responsible for delivery (eg the Council as part of the Community Investment Programme).
- 5.49 Where project management and implementation costs are agreed to fall to the developer, no such obligations will be required.

Financial viability assessment for off-site delivery

- 5.50 Local Plan Policies H2 and H4 indicate that we will take into account the economics and financial viability of development when considering on-site or off-site delivery of housing/ affordable housing. The arrangements in section 7 of this guidance will apply, and applicants will generally need to submit financial viability assessments to justify the mix of market housing, affordable housing and non-residential uses across the application and delivery site(s). Applicants will be required to fund an independent verification of the financial viability assessment where the proportion or mix of housing/ affordable housing sought falls significantly short of the provision anticipated by the Local Plan and this guidance, or the viability assessment raises doubts about the deliverability of the development.
- 5.51 As indicated in paragraph 5.3 of this guidance, under Policies H2 and H4, provision of housing/ affordable housing should be made on site in most circumstances. The Council therefore seeks to ensure that mechanisms guiding the delivery of housing and affordable housing do not create a financial incentive for the developer to propose off-site delivery. Where the level of off-site contribution is below the level anticipated by our Local Plan and this guidance, we will seek to ensure

the additional value created by the development is broadly the same with off-site delivery as it would be with an on-site delivery. In addition to the financial viability assessment requirements of section 7, the Council may therefore seek a comparison between the financial viability of on-site and off-site solutions (taking into account the existing use value and residual land value of the application site and delivery site).

Residential land-use credits and affordable housing credits

- 5.52 To provide certainty and transparency around delivery of off-site housing and affordable housing, related application sites and delivery sites⁸ should generally be considered through a joint planning process, with a s106 agreement to secure delivery of the homes required. However, the London Plan provides an alternative mechanism of land-use credits and affordable housing credits that may sometimes be used to deliver housing and affordable housing more speedily. The Council may consider the use of this mechanism where its benefits outweigh any loss of certainty and transparency.
- 5.53 The credits mechanism may be beneficial where a property investor or developer owns a portfolio of sites located across Camden's Central London Area and larger town centres. The owner of a portfolio of sites may be able to bring forward developments of housing or affordable housing in advance of any policy requirement arising from Local Plan Policies H2 or H4. In effect, the delivery site(s) is/ are developed before the application site has been identified⁸. The Council may then agree to 'bank' this floorspace in the form of credits that can be accepted against the policy requirements from future development. When an 'application site' generates a housing/ affordable housing requirement, the Council will have discretion to agree to use of the 'banked' credits to offset part or all of the policy requirement.
- 5.54 The credits mechanism has potential to deliver additional housing and affordable housing earlier in the financial cycle by creating incentives for multiple site-owners to:
- seek opportunities for housing/ affordable housing development in advance during periods when commercial markets are poor rather than seeking to negotiate payments in lieu when commercial development prospects improve;
 - bring forward housing/ affordable housing development that they would otherwise hold back until commercial development prospects improve;
 - take up opportunities to convert lower value commercial properties to housing when leases expire;

⁸ see paragraph 5.11 of this guidance for an explanation of the terms 'application site' and 'delivery site'

- provide affordable housing when the market for private housing would be unable to support it.
- 5.55 The mechanism can also help developers to deliver non-residential floorspace or market housing more quickly when demand for them is strongest.
- 5.56 There are two types of credits that may be considered for developments in Camden:
- **residential land-use credits** – created where housing is provided but is not required by policy – these can be used where self-contained housing is needed to offset additional non-residential development under Policy H2; and
 - **affordable housing credits** – created where affordable housing is provided in place of market housing but is not required by policy – these can be used where affordable housing is needed to offset additional market housing development under Policy H4.
- 5.57 The two types of credit could potentially be created by a single development at the same time if affordable housing is provided but there is no policy requirement for any type of housing. However, each type of credit can only be used against a single policy requirement, and any particular credit can only be used once.
- 5.58 Residential land-use credits and affordable housing credits are types of off-site contributions, and will be governed by the policy considerations set out in paragraphs 5.7 to 5.10 of this guidance. In particular, the Council will not agree to credit arrangements that would:
- compromise our objectives for mixed-use and mixed, inclusive and sustainable communities;
 - erode the mixed-use character of Central London or our town centres; or
 - add to concentrations of affordable housing at the fringes of the Central London Area or our town centres.
- 5.59 Paragraphs 3.56 and 3.115 of our Local Plan indicate that off-site contributions should be made on an alternative site near the application site. In the case of residential land-use and affordable housing credits, the Council will only agree to bank credits from development in the Central London Area or the town centres of Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road. The Council will only allow credits to be used to offset requirements in the same location – for example, credits created in the Central London Area must be used in the Central London Area, and credits created in Camden Town must be used in Camden Town. In most cases the Council will require credits to be used within 500 metres of the delivery site, taking into account any demonstrable benefits from allowing provision on a more distant site.

- 5.60 The Council will apply the following restrictions to ensure that residential land-use credits and affordable housing credits serve to increase the overall delivery of housing or affordable housing.
- We will not agree to the formation of credits where development of market housing or affordable housing would clearly have arisen regardless of any expectation that future development will generate a requirement under Policy H2 or Policy H4.
 - Where we agree to the use of residential land-use credits to offset a housing requirement from additional non-residential space, the credit required will be considered in terms of the additional floorspace across the application site and the delivery site(s) together, and will be equivalent to the overall increase in non-residential floorspace, in accordance with the considerations set out in paragraphs 5.11 to 5.16 of this guidance.
 - Where we agree to the use of affordable housing credits to offset an affordable housing requirement from additional market housing, the credit required will be considered in terms of the additional housing floorspace across the application site and the delivery site(s) together. Where the total housing floorspace has capacity for 25 homes or more, the credit required will be equivalent to the overall increase in market housing floorspace, in accordance with the considerations set out in paragraphs 5.11 to 5.16 of this guidance.
- 5.61 Taking all these considerations into account, the Council may agree to acknowledge development in the Central London Area or larger town centres⁹ as creating residential land-use credits and/ or affordable housing credits subject to the following restrictions:
- the Council will only agree the formation of credits where this will serve to increase the overall delivery of housing or affordable housing
 - the Council will only agree the formation of credits in relation to one of the following four 'specified areas' - the Central London Area and the Town Centres of Camden Town, Finchley Road/ Swiss Cottage and Kilburn High Road
 - the creation of credits should form part of the resolution to grant permission for housing/ affordable housing on the 'delivery site'
 - the scale and type of credits created should be agreed at the time of the resolution on the 'delivery site' (floorspace of residential land-use credits and floorspace of affordable housing credits)
 - the details of the resolution may appear as an informative on the decision notice for the 'delivery site'
 - at the request of the credit-holder, the Council may consider credits agreed by resolution as a *material consideration* offsetting policy requirements at a future 'application site'

⁹ Camden Town, Finchley Road. Swiss Cottage and Kilburn High Road

- a resolution made in relation to a 'delivery site' cannot fetter the Council's decision making in relation to a future application site, and cannot appear on a decision notice as a planning condition
- a resolution made in relation to a 'delivery site' cannot place any obligation on the Council to make particular decisions in relation to a future 'application site', and cannot appear in a s106 agreement as a planning obligation
- the Council will only accept the existence of credits as a material consideration where an off-site contribution would comply with Local Plan Policies H2, H4 and all other relevant policies and material considerations
- the Council will only accept the existence of credits as a material consideration for an 'application' site in the same 'specified area' as the 'delivery site' that created them
- the Council will require the credits to be used reasonably near the 'delivery site', and in most cases within 500 metres
- the Council will consider the scale of credits required to offset a policy requirement in terms of the overall floorspace increase (or housing floorspace increase) across the 'application site' and 'delivery site(s)' together
- the period over which the credit can be applied to a future 'application site' should also be agreed at the time of the resolution on the 'delivery site', usually until 10 years from the date of the resolution
- the credits will generally be specific to an applicant, developer or landowner, and will not be regarded as transferable
- where development at an 'application site' is justified by the existence of credits, the Council will seek a s106 legal agreement to ensure that the development cannot be occupied until the housing/ affordable housing that creates the credits is completed and available for occupation
- the creation and 'cashing-in' of credits and the implementation of development at 'delivery sites' and 'application sites' will be closely monitored.

6 Payments in lieu of housing and affordable housing

KEY MESSAGES

- Payments-in-lieu of affordable housing are accepted for developments with capacity for fewer than 10 additional dwellings
- Payments-in-lieu of housing/ affordable housing will only be considered in other circumstances where options for on-site and off-site delivery have been fully explored
- Our payment-in-lieu rates are informed by 2019 research
- A rate of £1,500 per sq m GIA will generally apply to shortfalls in the provision of market or affordable housing for primarily non-residential developments
- A rate of £5,000 per sq m GIA will generally apply to shortfalls in the provision of affordable housing for residential developments
- For residential developments with capacity for fewer than 10 additional dwellings, the payment-in-lieu of affordable housing will generally vary from £10,000 to £850,000, depending on floorspace
- For primarily non-residential developments, payments-in-lieu of market housing and affordable housing will be considered separately
- We may prioritise delivery of affordable housing within such developments where the full housing requirement cannot be met
- We may reinvest a proportion of the payment-in-lieu within such developments to enhance the affordable housing provision
- Payment should generally be made upon implementation of the development
- Applicants will need to submit a financial viability assessment to justify making a lower payment than required by this guidance

- 6.1 This section of the CPG relates to proposals for payments-in-lieu of housing and/ or affordable housing provided to meet the requirements of Camden Local Plan Policies H2 - *Maximising the supply of self-contained housing from mixed-use schemes* and/ or H4 - *Maximising the supply of affordable housing*. This guidance may also be used to inform payments-in-lieu of affordable housing arising in connection with development of specialist housing and Local Plan Policies H6 - *Housing choice and mix*, H8 - *Housing for older people, homeless people and vulnerable people*, H9 – *Student housing*, and H10 - *Housing with shared facilities*.
- 6.2 Where development proposals fail to provide the housing or affordable housing required under Policies H2 or H4, the Council will seek a payment in lieu of the requirement in accordance with this guidance. Where there is a shortfall in self-contained housing or affordable housing required, we will seek a payment in lieu of the unmet requirement.

- 6.3 Payments-in-lieu of housing will be paid into the Council's affordable housing fund whether they arise under Policy H2 or Policy H4, as the Council does not hold funds for investment in market housing.
- 6.4 Paragraphs supporting Policy H5 of the draft London Plan 2019 - *Threshold approach to applications* confirm that the London Plan threshold approach (fast-track) viability route is not available to proposals for off-site affordable housing. Consequently, off-site provision will be assessed on the basis of the requirements for housing/ affordable housing set out in this guidance and Policies H2 and H4 of the Camden Local Plan 2017.
- 6.5 The Local Plan recognises in paragraph 4.14 that the quality of the homes that people occupy, including the incidence of overcrowding, poor energy efficiency and high housing costs, will have a significant impact on their health and wellbeing. Where the Council agrees that a payment in lieu of affordable housing is appropriate, this reduces our ability to address high housing costs through direct delivery of additional affordable housing in association with the development. However, payments-in-lieu boost the funds available to the Council's Community Investment Programme, which is regenerating our estates to create more and better affordable homes (including larger and more energy efficient homes), and so also contributes to enhanced health and wellbeing.
- 6.6 This section provides guidance about the options that developers must explore before a payment-in-lieu will be considered, how the payment-in-lieu rates have been set, what the different payment-in-lieu rates are and how they are applied, and how we will calculate payments-in-lieu for residential developments and primarily non-residential developments. It also includes information on the particular costs and planning obligations arising from payments-in-lieu, and circumstances where financial viability assessment is needed in association with payments in lieu.

Before a payment-in-lieu is considered

- 6.7 As indicated in paragraphs 5.4 and 5.5 of this guidance, the housing required by Policy H2 and the affordable housing required by Policy H4 should generally be delivered on the application site. Policy H4 indicates that where developments have capacity for fewer than 10 additional dwellings, the Council will accept a payment-in-lieu of affordable housing. For developments with capacity for 10-or-more additional dwellings, Policies H2 and H4 only provide for a payment-in-lieu of housing/ affordable housing in exceptional circumstances.
- 6.8 For developments with capacity for 10-or-more additional dwellings, the Council will only consider a payment-in-lieu of housing/ affordable housing where:
- all options for on-site delivery have been fully explored in accordance with paragraphs 5.7 to 5.9 of this guidance, and

- all options for off-site delivery have been fully explored in accordance with paragraphs 5.28 to 5.45 of this guidance.

Principle guiding payments in lieu

- 6.9 The principle guiding payments in lieu of housing/ affordable housing is that they should be *value neutral* in terms of their impact on the value of the development proposed on the application site. In other words, the value of the application site for a wholly non-residential/ market housing development, following deduction of the required payment in lieu of housing/ affordable housing, should be the same as its value for a development including a policy compliant percentage of housing/ affordable housing. This principle is consistent with the draft London Plan, which indicates that payments in lieu should provide no financial incentive to the applicant relative to on-site provisions (see the supporting paragraphs to Policy H4 of the draft London Plan 2019 – *Delivering affordable housing*).

How the payment-in-lieu rates have been set

- 6.10 The Council commissioned research to update the standard payment in lieu rates for housing and affordable housing for consistency with the Camden Local Plan Financial Viability Study October 2015. The research is published alongside this CPG as the Camden Review of Payment-in-Lieu Rates for Housing and Affordable Housing 2019. The starting point for the research is the principle that payments in lieu should be value neutral, providing no financial benefit to the developer compared with on-site delivery, as set out in paragraph 6.9 of this guidance. In line with this principle, the research explores how much the developer gains by failing to comply with policy requirements. It does this by comparing:
- the residual land value for a range of market housing development types with *and without* the affordable housing element required by Policy H4 (research scenario 5a);
 - the residual land value for a range of non-residential developments with *and without* the housing element required by Policy H2, assuming that the housing element includes any affordable required by Policy H4 (research scenario 5b);
 - the residual land value for a range of non-residential developments which fully satisfy the requirements of Policies H2 and H4 *and* developments which only fully satisfy Policy H2 (because additional market housing is provided in place of the affordable housing required by Policy H4) (research scenario 5c).
- 6.11 These comparisons show the additional value created by omitting housing and/ or affordable housing from the development, and hence the benefit to the developer of making a payment-in-lieu. This additional value has been converted to a payment per square metre (GIA) of:

- self-contained housing required on-site by Policy H2 (including any affordable housing required by Policy H4) and
 - affordable housing required on-site by Policy H4.
- 6.12 The research also considered other scenarios where housing is required by Policy H2 and affordable housing is required by Policy H4, but the proposed mix of non-residential development, market housing and affordable housing only partly complies with policy requirements. Development of the types covered by those scenarios is not considered likely to take place often in Camden, so they are not considered further in this guidance.
- 6.13 Starting in 2019, the Council carried out a partial review of payment rates for the Community Infrastructure Levy (CIL). We anticipate that the new CIL rates will be adopted during 2020. The new CIL rates proposed are considered to be wholly compatible with the payment-in-lieu rates set out in this guidance. The new CIL rates were tested by Camden CIL Viability Update Study 2019, which was prepared in conjunction with the Camden Review of Payment-in-Lieu Rates for Housing and Affordable Housing 2019, and took account of the payment in lieu rates recommended by that review.

The payment rates and when/ how they apply

- 6.14 The Camden Local Plan 2017 has adopted Gross Internal Area (GIA) to assess self-contained housing and affordable housing requirements under Policies H2 and H4. For consistency, the payment rates provided by the 2019 review and incorporated in this document are expressed as payments per sq m of Gross Internal Area (GIA). Paragraphs 4.20 to 4.25 of this guidance explain the meaning of Gross Internal Area (GIA) and how it will be assessed. As the guidance in section 4 indicates:
- measurements of GIA should include common entrances, corridors and lifts that are internal to the building;
 - where the submitted figure excludes these areas and is equivalent to NIA, and the applicant does not make a more appropriate measurement available, we will consider multiplying by 1.187 to convert the submitted figure to GIA.

Figure 8. Housing and affordable housing payment rates

Development proposed/ policy requirement	Rate of payment in lieu
Primarily non-residential development - payment in lieu of self-contained housing required by Policy H2, including market housing and affordable housing required by Policy H4 ¹⁰	£1,500 per sq m GIA
Housing development - payment in lieu of affordable housing required by Policy H4 ¹¹ Primarily non-residential development - this rate <i>may</i> be used to calculate a payment in lieu of affordable housing required by Policy H4 where this has been displaced by surplus market housing to partly or wholly meet the requirements of Policy H2 ¹²	£5,000 per sq m GIA

6.15 The research described in paragraphs 6.10 to 6.12 has been used to set the two discrete payment rates shown in Figure 8.

- The first payment rate applies to developments involving additions to non-residential floorspace where requirements for self-contained housing under Policy H2 are not met or are only partly met. This rate takes account of the impact of including the affordable housing required Policy H4, so in most circumstances it will be the only rate required to calculate payments in lieu of housing for primarily non-residential schemes.
- The second payment rate applies to developments involving additions to housing floorspace where requirements for affordable housing under Policy H4 are not met or are only partly met.

¹⁰ this rate is based on research scenario 5b and reflects the difference between the residual land value for a non-residential development that fully meets the requirements for self-contained housing and affordable housing in accordance with Policies H2 and Policy H4 *and* the residual land value for wholly non-residential development

¹¹ this rate is based on research scenario 5a and reflects the difference between the residual land value for housing development that fully meets the requirements for affordable housing in accordance with Policy H4 *and* the residual land value for a wholly market housing development

¹² this rate is consistent with research scenario 5c and reflects the difference between the residual land value for a non-residential development that fully meets the requirements for self-contained housing and affordable housing in accordance with Policies H2 and H4 *and* the residual land value for a non-residential development that fully meets the requirements for self-contained housing but omits the affordable housing required by Policy H4

- The second payment rate *may* also be applied to developments involving additions to non-residential floorspace where requirements for self-contained housing under Policy H2 have been partly or wholly met, but there is a surplus of market housing and a shortfall of affordable housing relative to the requirements of Policy H4 – effectively some affordable housing has been displaced by surplus market housing.
- 6.16 Where the requirement for market housing and/ or affordable housing is not fully met by a development, the payment rates are applied to the shortfall in provision, the shortfall being the on-site target for market housing/ affordable housing less any on-site delivery of housing/ affordable housing proposed. They should not be applied to the total or additional floorspace of the proposed development, or to the off-site target for market housing/ affordable housing.

Considering Policy H2 and Policy H4 together

- 6.17 The first payment rate in Figure 8 applies to schemes where the self-contained housing required by Policy H2 has been wholly or partly omitted. In such schemes, the same rate generally applies to shortfalls in market housing and affordable housing.
- 6.18 Where *no* self-contained housing of any kind is provided, the payment rate can simply be applied to the overall shortfall in self-contained housing. Where the proposal does include self-contained housing, having regard to Policy H4, we will generally apply this rate *separately* in relation to affordable housing and market housing requirements. This will ensure that a payment in lieu arises for schemes that comply with Policy H2, but fail to provide the affordable housing required by Policy H4. This is particularly pertinent to proposals where the additional housing floorspace required by Policy H2 has capacity for fewer than 10 dwellings, and a payment in lieu of affordable housing is expected.
- 6.19 Where Policies H2 and H4 apply to larger schemes and on-site affordable housing is required (typically primarily non-residential proposals involving a total addition to floorspace of over 2,000 sq m GIA), and it is not possible to meet the full requirement for additional self-contained housing, we may prioritise the on-site delivery of affordable housing. This reflects the gap between the number of affordable homes we need and our likely delivery, as set out in paragraph 4.28 of this guidance. To ensure that payments in lieu support this priority:
- where on-site affordable housing will be delivered, the Council may agree to reinvest a proportion of any payment in lieu within the development to enhance the provision of affordable housing (in terms of quantity, quality and/ or affordability);
 - where there is a surplus of affordable housing and a shortfall of market housing relative to the requirements of Policy H4, we may not seek a payment for that part of the market housing that has been replaced by the surplus affordable housing; and

- where there is a surplus of market housing and a shortfall of affordable housing relative to the requirements of Policy H4, and the affordable housing shortfall has not been fully justified, the Council may apply the second payment rate in Figure 8 (£5,000 per sq m GIA) to that part of the affordable housing that has been displaced by the surplus market housing.

Payment rates and viability

- 6.20 The first payment rate is based on values in the southern part of the borough¹³ for a range of office-led and retail-led developments. This rate may not be viable for developments in the larger town centres¹⁴ where requirements of Policy H2 apply, or for alternative types of non-residential proposals such as leisure or hotel developments. The second payment rate is based on values across the borough for a range of self-contained housing developments in Use Class C3, and may not be viable for more specialist residential proposals.
- 6.21 Where a proposal cannot viably support the payment levels indicated in Figure 8, the Council will require a financial viability assessment of the development to justify a lower level of payment. The viability assessment should be prepared and submitted in accordance with the arrangements set out in paragraphs 6.48 to 6.50 and section 7 of this guidance 'Viability assessments related to housing and affordable housing requirements'.

Transitional arrangements

- 6.22 For 12 months from the adoption date of this guidance, at the discretion of the Council, transitional arrangements will apply to planning applications that have reached a specific advanced stage in the planning process. To benefit from the transitional arrangements, prior to the adoption of this guidance, a valid planning application must have reached the stage where the Council has formally agreed the sum to be sought as a payment-in-lieu or a deferred contribution to housing/affordable housing (either through a resolution by Planning Committee to grant planning permission subject to completion of a legal agreement, or an equivalent action where the decision is delegated to Council officers).
- 6.23 Transitional arrangements will *not* generally apply to proposals submitted after the adoption date to make material amendments to an earlier application or permission.
- 6.24 Where the transitional arrangements apply, the Council will generally determine a planning application on the basis of the sum it has already formally agreed as the payment-in-lieu or deferred contribution, and will not generally seek to amend the sum in the light of this guidance unless

¹³ essentially the Central London Area including King's Cross Central

¹⁴ Camden Town, Finchley Road. Swiss Cottage and Kilburn High Road

other material considerations have arisen since the payment-in-lieu or deferred contribution was agreed.

- 6.25 For applications where the planning process commenced prior to the adoption of this guidance but the transitional arrangements do *not* apply, in the context of the financial viability considerations set out in paragraphs 6.48 to 6.50, we *may* have regard to the payment-in-lieu rates anticipated by the Interim Housing CPG as amended in 2019, subject to all relevant material considerations.

Calculating payments in lieu of affordable housing (residential developments)

- 6.26 As indicated in Local Plan Policy H4, we will accept a payment in lieu of affordable housing where developments have capacity for fewer than 10 additional dwellings, but otherwise only in exceptional circumstances.
- 6.27 In order to calculate the payment, it is necessary to calculate the on-site affordable housing floorspace target¹⁵ in accordance with paragraphs 4.32 to 4.45 of this guidance – in summary, we will assess:
- the capacity of the development (based on GIA rounded to the nearest 100 sq m, where each 100 sq m GIA added to residential floorspace represents capacity for one additional home);
 - the affordable housing percentage target (based on capacity, starting at 2% where development provides one or more additional homes and involves a total addition to residential floorspace of 100 sq m GIA or more, and adding 2% for each home added to the capacity); and
 - the affordable housing floorspace target¹⁵ (determined by applying the affordable housing percentage target to *all* additional housing floorspace – rather than a rounded floorspace).
- 6.28 The affordable housing shortfall will be the affordable housing floorspace target¹⁵ (GIA) minus the floorspace of any new affordable housing proposed as part of the development (GIA). The payment in lieu required will be the affordable housing shortfall (GIA) multiplied by £5,000 per sq m.
- 6.29 Figure 9 below gives examples of how we will calculate payments in lieu of affordable housing. All examples given involve 1 or more additional homes and an additional residential floorspace of 100 sq m GIA or more, thus triggering an affordable housing requirement. As payments in lieu will most commonly arise for developments with capacity for fewer than 10 additional homes, all the examples provided are in this category. In each case we have assumed that no affordable housing is proposed on-

¹⁵ please note that the method for calculating off-site affordable housing requirements set out in section 5 of this guidance is used where direct provision of affordable housing will be made on an alternative site in the same area, and normally is *not* used to calculate payments in lieu

site as part of the development – thus the affordable housing shortfall equates to the affordable housing target (GIA).

- 6.30 Figure 9 illustrates that total payments in lieu of affordable housing arising from developments with capacity for 1 to 9 additional homes can be expected to vary from around £10,000 for the smallest developments to around £850,000 for the largest developments.

Figure 9. Calculating payments in lieu of affordable housing

Additional residential floorspace (GIA)	Capacity (rounded floorspace addition/ 100 sq m)	Affordable housing %ge target (capacity x 2%)	Affordable housing floorspace target (%ge target x GIA)	Payment in lieu required (floorspace target x £5,000)
105 sq m GIA	1 additional home	2%	2% x 105 = 2.1	2.1 x £5,000 = £10,500
259 sq m GIA	3 additional homes	6%	6% x 259 = 15.54	15.54 x £5,000 = £77,700
578 sq m GIA	6 additional homes	12%	12% x 578 = 69.36	69.36 x £5,000 = £346,800
941 sq m GIA	9 additional homes	18%	18% x 941 = 169.38	169.38 x £5,000 = £846,900

Calculating payments in lieu of market housing and affordable housing (primarily non-residential developments)

- 6.31 As indicated in Local Plan Policy H2, we require self-contained housing to be provided on site as part of primarily non-residential developments, particularly where 1,000 sq m (GIA) of additional floorspace or more is proposed, but payment in lieu of self-contained housing may be appropriate in exceptional circumstances. The different thresholds and criteria in Policies H2 and H4 relating to on-site and off-site provision create potential for developers to meet policy requirements in a variety of different ways. In section 4 of this guidance, the sub-section 'How much housing and affordable housing do we expect as part of a mix of uses?' provides more information about how the requirements may be met.
- 6.32 Where Policy H2 applies and the Council has agreed to accept a payment in lieu of all or part of the self-contained housing requirement, the required payment is calculated in a series of steps. In exceptional circumstances where *no* self-contained housing of any kind is provided, the steps are simple, but where some self-contained housing is included, affordable housing and market housing requirements are considered separately in accordance with paragraph 6.18 of this guidance, and the steps are more complex.
- 6.33 Where there is no self-contained housing of any kind proposed (primarily where the total addition to floorspace is under 1,000 sq m GIA), the steps are as follows:
- the first step is to calculate the self-contained housing floorspace target (GIA) in accordance with paragraphs 4.50 to 4.51 of this guidance – as no housing proposed, the housing shortfall is equal to the self-contained housing floorspace target; and
 - the second (final) step is to multiply the self-contained housing floorspace target (GIA) by £1,500 per sq m to generate the payment-in-lieu required.
- 6.34 Where some self-contained housing is included, the steps to calculate the required payment-in-lieu are as follows:
- the first step is to calculate the self-contained housing floorspace target (GIA) in accordance with paragraphs 4.50 to 4.51 of this guidance;
 - the second step is to calculate the capacity for additional homes, the affordable housing percentage target, and the market housing percentage target, in accordance with paragraphs 4.32 to 4.37 and 4.58;
 - the third step is to calculate the affordable housing floorspace target (GIA) and the market housing floorspace target (GIA) in accordance

with the paragraphs 4.38 to 4.45 and paragraphs 4.59 to 4.62 of this guidance¹⁶; and

- the fourth step is to subtract any proposed additions to market and affordable housing floorspace included on the site from the relevant target to calculate the market housing shortfall (or surplus) (GIA) and the affordable housing shortfall (or surplus) (GIA).

6.35 The fifth (final) step is to apply the rates given in Figure 8 to any market housing shortfall and any affordable housing shortfall, and to add the resulting payments together, as follows:

- the payment in lieu of market housing will be the market housing shortfall (GIA) multiplied by £1,500 per sq m (where there a surplus of affordable housing, we may offset this against the market shortfall in accordance with paragraph 6.19 of this guidance); and
- the payment in lieu of affordable housing will be the affordable housing shortfall (GIA) multiplied by £1,500 per sq m (where affordable housing has been displaced by surplus market housing, we may apply a higher rate of £5,000 per sq m to the displaced affordable housing in accordance with paragraph 6.19 of this guidance).

6.36 Figure 10 to Figure 13 set out examples of the calculation of payments in lieu for progressively larger schemes which illustrate the impact of thresholds in Policies H2 and H4 triggering on-site requirement. These examples adopt the same proposed addition to floorspace as adopted in Figure 5 'Calculating the market housing and affordable housing targets as part of a mix of uses', and thus also adopt the same targets for self-contained housing, market housing and affordable housing. For each example, for the initial scenario we have calculated the payment in lieu of self-contained housing assuming that no provision is made on site and thus the target is the shortfall. For each example we have also considered one or more additional scenarios where a proportion of the self-contained housing requirement is met on site.

6.37 Where Policies H2 and H4 apply, schemes involving a total addition to floorspace of under 2,000 sq m GIA and capacity for fewer than 10 additional homes, may satisfy the affordable housing target by making a payment-in-lieu. Where market housing can be provided on site, we will encourage provision of market housing to meet the full self-contained housing target - this is illustrated by Examples 1.4 and 2.3.

6.38 Where Policies H2 and H4 apply to schemes involving a total addition to floorspace of over 2,000 sq m GIA, and it is not possible to meet the full requirement for additional self-contained housing, we may prioritise the

¹⁶ please note that the method for calculating off-site affordable housing requirements set out in section 5 of this guidance is used where direct provision of affordable housing will be made on an alternative site in the same area, and normally is *not* used to calculate payments in lieu

on-site delivery of affordable housing. This reflects the gap between the number of affordable homes we need and our likely delivery, as set out in paragraph 4.28 of this guidance. Where affordable housing will be delivered, the Council may negotiate enhanced provision of affordable housing (in terms of quantity, quality and/ or affordability) by reinvesting a proportion of the payment in lieu within the development – this is illustrated by Examples 3.4 and 4.5.

6.39 In Figure 10, Examples 1.1 to 1.4 relate to four scenarios where the total addition to floorspace is below 1,000 sq m, so there is potential for a payment in lieu of affordable housing and market housing.

- Examples 1.1 and 1.2 are possible scenarios where the potential for on-site and off-site delivery of self-contained housing has been fully explored and there is no prospect of meeting the target in full.
- Example 1.3 satisfies Policy H4 through a payment in lieu of affordable housing, but does not fully satisfy Policy H2, as the additional self-contained housing floorspace falls short of 50% of the overall floorspace.
- Example 1.4 represents the Council's preferred Figure 10 scenario, as Policy H2 is fully satisfied by on-site provision of market housing, and Policy H4 is fully satisfied by a payment in lieu of affordable housing.
- The payment in lieu calculations in Example 1.3 and 1.4 provide the same outcome, as there is no market housing shortfall in either case, the affordable housing shortfall is the same in each case, and the same payment-in-lieu rate of £1,500 per sq m (GIA) applies to the affordable housing shortfall in each case.

Figure 10. Calculating payments-in-lieu where Policy H2 applies and the total addition to floorspace is under 1,000 sq m

Example 1.1 – scenario: development unable to provide any housing

Total addition to floorspace proposed	660 sq m GIA
Self-contained housing floorspace target	660 x 50% target = 330 sq m GIA
On-site addition to self-contained housing floorspace	0 sq m GIA
Self-contained housing shortfall (=target in this scenario)	330 sq m GIA
Total payment in lieu of self-contained housing (shortfall GIA x £1,500 psm)	330 x £1,500 = £495,000

Example 1.2 – scenario: development unable to meet full self-contained or market housing requirement

Total addition to floorspace proposed	660 sq m GIA
Self-contained housing floorspace target	$660 \times 50\%$ target = 330 sq m GIA
Capacity	$300 / 100 = 3$ additional homes
On-site addition to self-contained housing floorspace	220 sq m GIA
On-site addition to market housing floorspace	220 sq m GIA
On-site addition to affordable housing floorspace	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	$3 \times 2\% = 6\%$
Affordable housing floorspace target (= shortfall in this scenario)	$330 \times 6\%$ target = 19.8 sq m GIA
Payment-in-lieu of affordable housing (shortfall GIA x £1,500 psm)	$19.8 \times £1,500 = £29,700$
Market housing percentage target (100% minus affordable %age target)	$100 - 6\% = 94\%$
Market housing floorspace target	$330 \times 94\% = 310.2$ sq m GIA
Market housing shortfall GIA	$220 - 310.2 = - 90.2$ sq m GIA
Payment in lieu of market housing (shortfall GIA x £1,500 psm)	$90.2 \times £1,500 = £135,300$
Total payment (different affordable and market housing shortfalls)	$£29,700 + £135,300 = \mathbf{£165,000}$

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

Total addition to floorspace proposed	660 sq m GIA
Self-contained housing floorspace target	$660 \times 50\%$ target = 330 sq m GIA
Capacity	$300 / 100 = 3$ additional homes
On-site addition to self-contained housing floorspace	310 sq m GIA
On-site addition to market housing floorspace	310 sq m GIA
On-site addition to affordable housing floorspace	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	$3 \times 2\% = 6\%$
Affordable housing floorspace target (= shortfall in this scenario)	$330 \times 6\%$ target = 19.8 sq m GIA
Payment-in-lieu of affordable housing (shortfall GIA x £1,500 psm)	$19.8 \times £1,500 = £29,700$
Market housing percentage target (100% minus affordable %age target)	$100 - 6\% = 94\%$
Market housing floorspace target	$330 \times 94\% = 310.2$ sq m GIA
Market housing shortfall GIA	$310.2 - 310 =$ approx 0 sq m GIA
Total payment (affordable housing shortfall only)	£29,700

Example 1.4 – scenario: development meets full self-contained housing requirement met but without on-site affordable housing

Total addition to floorspace proposed	660 sq m GIA
Self-contained housing floorspace target	$660 \times 50\%$ target = 330 sq m GIA
Capacity	$300 / 100 = 3$ additional homes
On-site addition to self-contained housing floorspace	330 sq m GIA
On-site addition to market housing floorspace	330 sq m GIA
On-site addition to affordable housing floorspace	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	$3 \times 2\% = 6\%$
Affordable housing floorspace target (= shortfall in this scenario)	$330 \times 6\%$ target = 19.8 sq m GIA
Payment-in-lieu of affordable housing (shortfall GEA x £5,000 psm)	$19.8 \times £1,500 = £29,700$
Market housing percentage target (100% minus affordable %age target)	$100 - 6\% = 94\%$
Market housing floorspace target	$330 \times 94\% = 310.2$ sq m GIA
Market housing SURPLUS GIA	$330 - 310.2 = 19.8$ sq m GIA
Total payment (affordable housing shortfall only)	£29,700

- 6.40 In Figure 11, Examples 2.1 to 2.3 relate to three scenarios where the total addition to floorspace is between 1,000 sq m and 2,000 sq m GIA, so we will accept a payment in lieu of affordable housing but expect market housing to be provided on site.
- Example 2.1 shows a scenario that would only be acceptable in exceptional circumstances because there is no on-site or off-site delivery of self-contained housing. However, a payment-in-lieu of affordable housing is acceptable for schemes at this scale,
 - Example 2.2 shows a scenario that satisfies Policy H4 through a payment in lieu of affordable housing, but only partly satisfies Policy H2 through a combination of on-site provision of market housing and a payment in lieu of market housing.
 - Example 2.3 represents the Council's preferred Figure 11 scenario, as Policy H2 is fully satisfied by on-site provision of market housing, and Policy H4 is fully satisfied by a payment in lieu of affordable housing.
 - There is relatively little difference between the outcome of the payment in lieu calculations in Example 2.2 and 2.3. This is because the affordable housing shortfall is the same in each case, there is a very small market housing shortfall in Example 2.2 and none in Example 2.3, and the same payment-in-lieu rate of £1,500 psm GIA applies to market and affordable housing.

Figure 11. Calculating payments-in-lieu where Policy H2 applies and the total addition to floorspace is 1,000 sq m or more (but below 2,000 sq m)

Example 2.1 – scenario: development unable to provide any housing

Total addition to floorspace proposed	1,450 sq m GIA
Self-contained housing floorspace target	$1,450 \times 50\% = 725$ sq m GIA
On-site addition to self-contained housing floorspace	0 sq m GIA
Self-contained housing shortfall (=target in this scenario)	725 sq m GIA
Total payment in lieu of self-contained housing (shortfall GIA x £1,500 psm)	$725 \times £1,500 = \mathbf{£1,087,500}$

Example 2.2 – scenario: development unable to meet full self-contained or market housing requirement

Total addition to floorspace proposed	1,450 sq m GIA
Self-contained housing floorspace target	$1,450 \times 50\% = 725$ sq m GIA
Capacity	$700 / 100 = 7$ additional homes
On-site addition to self-contained housing floorspace	600 sq m GIA
On-site addition to market housing floorspace	600 sq m GIA
On-site addition to affordable housing floorspace	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	$7 \times 2\% = 14\%$
Affordable housing floorspace target (= shortfall in this scenario)	$725 \times 14\% = 101.5$ sq m GIA
Payment-in-lieu of affordable housing (shortfall GIA x £1,500 psm)	$101.5 \times £1,500 = £152,250$
Market housing percentage target (100% minus affordable %age target)	$100 - 14\% = 86\%$
Market housing floorspace target	$725 \times 86\% = 623.5$ sq m GIA
Market housing shortfall GIA	$600 - 623.5 = - 23.5$ sq m GIA
Payment in lieu of market housing (shortfall GIA x £1,500 psm)	$23.5 \times £1,500 = £35,250$
Total payment (different affordable and market housing shortfalls)	$£152,250 + £35,250 = \mathbf{£187,500}$

Example 2.3 – scenario: development meets full self-contained housing requirement but without on-site affordable housing

Total addition to floorspace proposed	1,450 sq m GIA
Self-contained housing floorspace target	$1,450 \times 50\% = 725$ sq m GIA
Capacity	$700 / 100 = 7$ additional homes
On-site addition to self-contained housing floorspace	725 sq m GIA
On-site addition to market housing floorspace	725 sq m GIA
On-site addition to affordable housing floorspace	0 sq m GIA
Affordable housing percentage target (capacity x 2%)	$7 \times 2\% = 14\%$
Affordable housing floorspace target (= shortfall in this scenario)	$725 \times 14\% = 101.5$ sq m GIA
Payment-in-lieu of affordable housing (shortfall GIA x £2,650 psm)	$101.5 \times £1,500 = £152,250$
Market housing percentage target (100% minus affordable %ge target)	$100 - 14\% = 86\%$
Market housing floorspace target	$725 \times 86\% = 623.5$ sq m GIA
Market housing SURPLUS GIA	$725 - 623.5 = 101.5$ sq m GIA
Total payment (affordable housing shortfall only)	£152,250

- 6.41 In Figure 12, Examples 3.1 to 3.4 relate to four scenarios where the total addition to floorspace is between 2,000 sq m and 5,000 sq m GIA, so we will expect affordable and market housing to be provided on-site, and the split between them should reflect the affordable housing percentage target on the sliding scale.
- Example 3.1 shows a scenario that would only be acceptable in exceptional circumstances because there is no on-site or off-site delivery of self-contained housing.
 - Example 3.2 shows a scenario where on-site delivery of market housing satisfies a significant proportion of the requirement for self-contained homes arising from Policy H2, but there is no on- or off-site provision of affordable housing, and a substantial payment-in-lieu arises from Policy H4.
 - Example 3.3 shows a scenario where the development satisfies the requirement for self-contained housing in Policy H2, but all the provision is market housing. In this scenario there is a surplus of market housing and a shortfall of affordable housing relative to the requirements of Policy H4, so we have used it to illustrate the use of the higher payment-in-lieu rate for the displaced affordable housing. In this example there is no payment in lieu of market housing but a substantial payment in lieu of affordable housing.
 - Example 3.4 shows a scenario where affordable housing provision exceeds the target arising from Policy H4 operating in combination with Policy H2, although there is no provision of market housing on- or off-site, and Policy H2 is not fully satisfied. Where the overall addition to self-contained housing is severely constrained, this may represent the Council's preferred scenario, as it prioritises delivery of affordable housing.
 - The payment-in-lieu arising from the shortfall of market housing in Example 3.4 is significantly lower than the payment-in-lieu arising from the shortfall of affordable housing in Example 3.3, which may increase its attractiveness as an option for developers.
 - Example 3.4 also illustrates a scenario where the Council may consider the surplus of affordable housing to offset part of the market housing shortfall, and may negotiate to reinvest a proportion of the payment-in-lieu within the development to enhance provision of affordable housing. In this case the additional affordable housing provision exceeds the target, but there is no market housing provision, so there is a substantial payment-in-lieu. When negotiating the proportion of the payment-in-lieu needed to fund enhanced affordable housing provision, we will take account of the financial details of the scheme, the notional value of the affordable housing surplus and the cost of the proposed enhancements.

Figure 12. Calculating payments-in-lieu where Policy H2 applies and the total addition to floorspace is 2,000 sq m or more (but below 5,000 sq m)

Example 3.1 – scenario: development unable to provide any housing

Total addition to floorspace proposed	2,730 sq m GIA
Self-contained housing floorspace target	$2,730 \times 50\% = 1,365$ sq m GIA
On-site addition to self-contained housing floorspace	0 sq m GIA
Self-contained housing shortfall (=target in this scenario)	1,365 sq m GIA
Total payment in lieu of self-contained housing (shortfall GIA x £1,500 psm)	$1,365 \times £1,500 = \mathbf{£2,047,500}$

Example 3.2 – scenario: development unable to meet full self-contained, market or affordable housing requirement

Total addition to floorspace proposed	2,730 sq m GIA
Self-contained housing floorspace target	$2,730 \times 50\% = 1,365$ sq m GIA
Capacity	$1,400 / 100 = 14$ additional homes
On-site addition to self-contained housing floorspace	900 sq m GIA
On-site addition to market housing floorspace	900 sq m GIA
On-site addition to affordable housing floorspace	0 sq m GIA
Affordable housing percentage target	$14 \times 2\% = 28\%$
Affordable housing floorspace target (= shortfall in this scenario)	$1,365 \times 28\% = 382.2$ sq m GIA
Payment-in-lieu of affordable housing (shortfall GIA x £5,000 psm)	$382.2 \times £1,500 = £573,300$
Market housing percentage target (100% minus affordable %ge target)	$100 - 28\% = 72\%$
Market housing floorspace target	$1,365 \times 72\% = 982.8$ sq m GIA
Market housing shortfall GIA	$900 - 982.8 = - 82.8$ sq m GIA
Payment in lieu of market housing (shortfall GIA x £1,500 psm)	$82.8 \times £1,500 = £124,200$
Total payment (different affordable and market housing shortfalls)	$£573,300 + £124,200 = \mathbf{£697,500}$

Example 3.3 – scenario: development meets full self-contained housing requirement but without on-site affordable housing

Total addition to floorspace proposed	2,730 sq m GIA
Self-contained housing floorspace target GIA	$2,730 \times 50\% = 1,365$ sq m GIA
Capacity	$1,400 / 100 = 14$ additional homes
On-site addition to self-contained housing	1,365 sq m GIA
On-site addition to market housing floorspace	1,365 sq m GIA
On-site addition to affordable housing floorspace	0 sq m GIA
Affordable housing percentage target	$14 \times 2\% = 28\%$
Affordable housing floorspace target (= shortfall in this scenario)	$1,365 \times 28\% = 382.2$ sq m GIA
Market housing percentage target (100% minus affordable %age target)	$100 - 28\% = 72\%$
Market housing floorspace target	$1,365 \times 72\% = 982.8$ sq m GIA
Market housing SURPLUS (= affordable shortfall in this scenario)	$1,365 - 982.8 = 382.2$ sq m GIA
Payment in lieu of affordable housing displaced by a market housing surplus (market surplus x £5,000 psm)	$382.2 \times £5,000 = £1,912,500$
Remaining affordable housing shortfall (affordable shortfall minus market surplus)	$382.2 - 382.2 = 0$ sqm GIA
Payment in lieu of remaining affordable housing (remaining affordable shortfall x £1,500 psm)	$0 \times £1,500 = £0$
Total payment (affordable housing shortfall only)	£1,912,500

Example 3.4 – scenario: development meets affordable housing requirement but unable to meet full self-contained or market housing requirement

Total addition to floorspace proposed	2,730 sq m GIA
Self-contained housing floorspace target	$2,730 \text{ sq m} \times 50\% = 1,365 \text{ sq m GIA}$
Capacity	$1,400 / 100 = 14 \text{ additional homes}$
On-site addition to self-contained housing floorspace	720 sq m GIA
Additional self-contained housing floorspace provision - market	0 sq m GIA
Additional self-contained housing floorspace provision - affordable	720 sq m GIA
Affordable housing percentage target	$14 \times 2\% = 28\%$
Affordable housing floorspace target	$1,365 \times 28\% = 382.2 \text{ sq m GIA}$
Affordable housing SURPLUS GIA	$720 - 382.2 = 337.8 \text{ sq m GIA}$
Notional value of the affordable housing surplus (surplus GIA x £1,500 psm)	$337.8 \times £1,500 = £506,700$
Market housing percentage target (100% minus affordable %ge target)	$100 - 28\% = 72\%$
Market housing floorspace target (= shortfall in this scenario)	$1,365 \times 72\% = 982.8 \text{ sq m GIA}$
Payment in lieu of market housing (shortfall GIA x £1,500 psm)	$982.8 \times £1,500 = £1,474,200$
Total payment (market housing shortfall only)	£1,474,200

- 6.42 In Figure 13, Examples 4.1 to 4.5 relate to five scenarios where the total addition to floorspace is 5,000 sq m GIA or more, generating capacity for 25 additional homes or more and an affordable housing percentage target of 50%.
- Example 4.1 shows a scenario that would only be acceptable in exceptional circumstances because there is no on-site or off-site delivery of self-contained housing.
 - Example 4.2 shows a scenario where the development satisfies the requirement for self-contained housing in Policy H2, but all the provision is market housing. In this scenario there is a surplus of market housing and a shortfall of affordable housing relative to the requirements of Policy H4, so we have used it to illustrate the use of the higher payment-in-lieu rate for the displaced affordable housing. Consequently there is no payment in lieu of market housing but a substantial payment in lieu of affordable housing
 - Example 4.3 shows a scenario where the development goes a long way towards satisfying the requirement for self-contained housing in Policy H2, but 75% of the provision is market housing. As with example 4.2, there is a surplus of market housing and a shortfall of affordable housing relative to the requirements of Policy H4, so we have used it to illustrate the use of the higher payment-in-lieu rate for the displaced affordable housing (but not the part that exceeds the market surplus). Again, there is a substantial payment in lieu of affordable housing, but lower than in example 4.2 because some affordable housing is provided on-site.
 - Example 4.4 shows a scenario where Policy H4 is satisfied by on-site delivery of affordable housing, but there is no provision of market housing on- or off-site, and Policy H2 is not fully satisfied. This scenario is consistent with the priority we may give to affordable housing where the full requirement for self-contained housing cannot be met.
 - Example 4.5 shows a scenario where affordable housing provision exceeds the target arising from Policy H4 operating in combination with Policy H2, although there is no provision of market housing, and Policy H2 is not fully satisfied. Where the overall addition to self-contained housing less constrained, this may represent the Council's preferred scenario, as it prioritises on-site delivery of affordable housing.
 - The payment in lieu calculations in Example 4.4 and 4.5 provide the same outcome, as there is no affordable housing shortfall in either case, and the market housing shortfall is the same in each case. However, Example 4.5 illustrates a scenario where the Council may consider the surplus of affordable housing to offset part of the market housing shortfall, and may negotiate to reinvest a proportion of the payment-in-lieu within the development to enhance provision of affordable housing.

- When negotiating the proportion of the payment-in-lieu needed to fund enhanced affordable housing provision, we will take account of the financial details of the scheme, the notional value of the affordable housing surplus and the cost of the proposed enhancements.

Figure 13. Calculating payments-in-lieu where Policy H2 applies and the total addition to floorspace is 5,000 sq m or more

Example 4.1 – scenario: development unable to provide any housing

Total addition to floorspace proposed	5,180 sq m GIA
Self-contained housing floorspace target	$5,180 \times 50\% = 2,590$ sq m GIA
Self-contained housing shortfall (=target in this scenario)	2,590 sq m GIA
Additional self-contained housing floorspace provision	0 sq m GIA
Total payment in lieu of self-contained housing (shortfall GIA x £1,500 psm)	$2,590 \times £1,500 = \mathbf{£3,885,000}$

Example 4.2 – scenario: development meets full self-contained housing requirement but without on-site affordable housing

Total addition to floorspace proposed	5,180 sq m GIA
Self-contained housing floorspace target GIA	$5,180 \times 50\% = 2,590$ sq m GIA
Capacity	$2,590 / 100 = 26$ additional homes (ie "25 homes or more")
On-site addition to self-contained housing	2,590 sq m GIA
On-site addition to market housing floorspace	2,590 sq m GIA
On-site addition to affordable housing floorspace	0 sq m GIA
Affordable housing percentage target	50%
Affordable housing floorspace target (= shortfall in this scenario)	$2,590 \times 50\% = 1,295$ sq m GIA
Market housing percentage target (100% minus affordable %age target)	$100 - 50\% = 50\%$
Market housing floorspace target	$2,590 \times 50\% = 1,295$ sq m GIA
Market housing SURPLUS	$2,590 - 1,295 = 1,295$ sq m GIA
Payment in lieu of affordable housing displaced by a market housing surplus (market surplus x £5,000 psm)	$1,295 \times £5,000 = £6,475,000$
Remaining affordable housing shortfall (affordable shortfall minus market surplus)	$1,295 - 1,295 = 0$ sqm GIA
Payment in lieu of remaining affordable housing (remaining affordable shortfall x £1,500 psm)	$0 \times £1,500 = £0$
Total payment (affordable housing shortfall only)	£6,475,000

Example 4.3 – scenario: development exceeds market housing requirement but unable to meet full self-contained or affordable housing requirement

Total addition to floorspace proposed	5,180 sq m GIA
Self-contained housing floorspace target GIA	$5,180 \times 50\% = 2,590$ sq m GIA
Capacity	$2,590 / 100 = 26$ additional homes (ie "25 homes or more")
On-site addition to self-contained housing	2,400 sq m GIA
On-site addition to market housing floorspace	1,800 sq m GIA
On-site addition to affordable housing floorspace	600 sq m GIA
Affordable housing percentage target	50%
Affordable housing floorspace target	$2,590 \times 50\% = 1,295$ sq m GIA
Affordable housing shortfall (larger than market surplus in this scenario)	$1,295 - 600 = 695$ sq m GIA
Market housing percentage target (100% minus affordable %ge target)	$100 - 50\% = 50\%$
Market housing floorspace target	$2,590 \times 50\% = 1,295$ sq m GIA
Market housing SURPLUS	$1,800 - 1,295 = 505$ sq m GIA
Payment in lieu of affordable housing displaced by a market housing surplus (market surplus x £5,000 psm)	$505 \times £5,000 = £2,525,000$
Remaining affordable housing shortfall (affordable shortfall minus market surplus)	$695 \text{ sqm} - 505 \text{ sqm} = 190 \text{ sqm}$
Payment in lieu of remaining affordable housing (remaining affordable shortfall x £1,500 psm)	$190 \text{ sqm} \times £1,500 = £285,000$
Total payment (affordable housing only, partly displaced by market housing surplus)	$£2,525,000 + £285,000 = \mathbf{£2,810,000}$

Example 4.4 – scenario: development meets affordable housing requirement but unable to meet self-contained or market housing requirement

Total addition to floorspace proposed	5,180 sq m GIA
Self-contained housing floorspace target	$5,180 \times 50\% = 2,590$ sq m GIA
Capacity	$2,590 / 100 = 26$ additional homes (ie "25 homes or more")
On-site addition to self-contained housing floorspace	1,295 sq m GIA
On-site addition to market housing floorspace	0 sq m GIA
On-site addition to affordable housing floorspace	1,295 sq m GIA
Affordable housing percentage target	50%
Affordable housing floorspace target	$2,590 \times 50\% = 1,295$ sq m GIA
Affordable housing shortfall	0 sq m
Market housing percentage target (100% minus affordable %age target)	$100 - 50\% = 50\%$
Market housing floorspace target (= shortfall in this scenario)	$2,590 \times 50\% = 1,295$ sq m GIA
Payment in lieu of market housing (shortfall GIA x £1,500 psm)	$1,295 \times £1,500 = £1,942,500$
Total payment (market housing shortfall only)	£1,942,500

Example 4.5 – scenario: development exceeds affordable housing requirement but unable to meet full self-contained or market housing requirement

Total addition to floorspace proposed	5,180 sq m GIA
Self-contained housing floorspace target	$5,180 \times 50\% = 2,590$ sq m GIA
Capacity	$2,590 / 100 = 26$ additional homes (ie "25 homes or more")
On-site addition to self-contained housing floorspace	1,500 sq m GIA
On-site addition to market housing floorspace	0 sq m GIA
On-site addition to affordable housing floorspace	1,500 sq m GIA
Affordable housing percentage target	50%
Affordable housing floorspace target	$2,590 \times 50\% = 1,295$ sq m GIA
Affordable housing SURPLUS	$1,500 - 1,295 = 205$ sq m GIA
Notional value of the affordable housing surplus (surplus GIA x £1,500 psm)	$205 \times £1,500 = £307,500$
Market housing percentage target (100% minus affordable %ge target)	$100 - 50\% = 50\%$
Market housing floorspace target (= shortfall in this scenario)	$2,590 \times 50\% = 1,295$ sq m GIA
Payment in lieu of market housing (shortfall GIA x £1,500 psm)	$1,295 \times £1,500 = £1,942,500$
Total payment (market housing shortfall only)	£1,942,500

Costs and obligations arising from payments-in-lieu

- 6.43 Section 8 of this CPG sets out guidance on a wide range of planning obligations that we will use in different circumstances to secure provision of market and affordable housing under Policies H2 and H4. Paragraphs 8.7 and 8.9 set out those planning obligations most likely to be used to secure off-site provision and payments-in-lieu.
- 6.44 Paragraphs 5.47 and 5.48 of this guidance identify a range of additional costs that may fall upon the Council where off-site delivery of housing/ affordable housing is agreed. These additional costs may also fall to the Council where a payment-in-lieu is made to secure off-site delivery of housing/ affordable. Paragraph 5.47 indicates that planning obligations securing off-site delivery may need to include a payment to cover such costs.
- 6.45 The Council may also seek payment to cover such costs where the Council agrees that a payment-in-lieu of housing and/ or affordable housing is appropriate. Where the Council agrees that all implementation costs can be contained within the standard payment-in-lieu rates set out in this guidance, no additional payment will be sought to fund delivery.
- 6.46 We will generally expect financial planning obligations (payments) secured through a s106 agreement to be met (paid) when implementation of a development commences. For most financial obligations, payment upon implementation is necessary to ensure that the required infrastructure or mitigation is in place before the development is occupied, or as soon as possible afterwards. In the case of payments towards housing and affordable housing, payment upon implementation enables us to deliver affordable housing in tandem with non-residential development and market housing, maintaining the mixed-use character of the borough and mixed, inclusive and sustainable communities.
- 6.47 The Council recognises that small development sites and smaller scale developers can make an important contribution to the delivery of additional homes. The Council also recognises that there may be some cases where payment upon implementation could seriously harm development finances or cash flow, and potentially prevent the development taking place. For smaller schemes (usually those with capacity for fewer than 10 additional homes), where the applicant demonstrates to the Council's satisfaction that the prospect of development taking place would be seriously harmed by seeking a payment in lieu upon implementation, the Council may agree that the payment can be made later in the development process, or on a phased basis.

Financial viability assessment for payments-in-lieu

- 6.48 Local Plan Policies H2 and H4 indicate that we will take into account the economics and financial viability of development when considering on-site or off-site delivery of housing/ affordable housing. We will also take account of the economics and financial viability of development when considering payments in lieu. Where a payment-in-lieu at the level anticipated by this section of the CPG would not be viable, the arrangements in section 7 of this guidance will apply, and applicants will need to submit a financial viability assessment to justify a lower payment. Applicants will be required to fund an independent verification of the financial viability assessment where the payment-in-lieu falls significantly short of the payment anticipated by this guidance, or the viability assessment raises doubts about the deliverability of the development.
- 6.49 As indicated in paragraphs 5.51 and 6.9 of this guidance, the Council seeks to ensure that mechanisms guiding the delivery of housing and affordable housing do not create a financial incentive for the developer to make off-site contributions. Similarly, the Council seeks to ensure that there is no financial incentive to make a payment-in-lieu rather than delivering housing/ affordable housing on site. Where we agree that payment-in-lieu of housing/ affordable housing is appropriate, we will seek to ensure that any payment-in-lieu is broadly equivalent to the increase in development value where no contribution is made on-site.
- 6.50 Where a payment-in-lieu at the level anticipated by this section of the CPG would not be viable, in addition to applying the financial viability assessment requirements of section 7, the Council may therefore seek financial viability assessment of the development with and without on-site provision of housing/ affordable housing. The Council may also consider the cost of developing the required percentage of housing/ affordable housing off-site. For schemes where the planning process commenced prior to the adoption of this guidance, we may also have regard to the payment-in-lieu rates anticipated by the Interim Housing CPG as amended in 2019¹⁷. Where the planning process has reached an advanced stage, transitional arrangements may apply in accordance with the provisions set out in paragraphs 6.22 to 6.25 of this guidance.

¹⁷ these rates were:

£700 per sq m GEA (equivalent to £737 per sq m GIA), applied in the case of a shortfall in the market housing required under Policy H2;

£2,650 per sq m GEA (equivalent to £2,790 per sq m GIA), applied in the case of a shortfall in the affordable housing required under Policy H4, or Policies H2 and H4 operating together; and

£1,350 per sq m GEA (equivalent to £1,422 per sq m GIA) applied in the case of an equal shortfall in the market housing and the affordable housing required under Policies H2 and H4, and relevant to primarily non-residential schemes with a total addition of 5,000 sq m GIA or more.

7 Viability assessments related to housing and affordable housing requirements

KEY MESSAGES

- Viability assessment is used to establish whether the value of completed development is greater than the cost of development
- Key components of viability assessments include gross value of development, total cost of development, and benchmark land value
- Viability assessments should generate a residual land value, which is the gross value of development minus the total cost
- A development is viable when the residual land value exceeds a benchmark land value
- The benchmark land value is the value of the site in its existing use plus a premium to incentivise the landowner to release it for development
- A viability assessment is required where Local Plan requirements are not met on the grounds of financial viability
- We will generally seek developer funding for an independent verification of the viability assessment
- We may have regard to London Plan threshold approach (fast-track viability route) particularly where proposals must be referred to the Mayor
- Viability assessment should be discussed at the pre-application stage
- The Council's policy is to publish viability information as part of the decision-making process
- Viability assessments should be backed up by relevant evidence
- Where there is a prospect of viability improving during the development process we may seek a post-permission viability review
- Where such a review is agreed we will also seek a deferred contribution to housing and/ or affordable housing based on the outcome of the viability review
- Deferred contributions will generally take the form of a payment in lieu
- We may seek the provision of additional affordable homes on the basis of the viability review for multi-phase schemes and strategic developments that are referred to the Mayor

- 7.1 This section of the CPG primarily relates to viability assessments provided in response to Camden Local Plan Policies H2 - *Maximising the supply of self-contained housing from mixed-use schemes* and H4 – *Maximising the supply of affordable housing*, and seeking to establish whether a development can viably provide self-contained housing as part of a mix of uses, or affordable housing as part of a housing development. This guidance will also be used to inform viability assessments seeking to establish whether affordable housing can viably

be provided in association with development of specialist housing, in response to Local Plan Policies H6 - *Housing choice and mix*, H8 - *Housing for older people, homeless people and vulnerable people*, H9 – *Student housing*, and H10 - *Housing with shared facilities*.

- 7.2 This approach and principles set out in this section of the CPG should also be followed for viability assessment submitted in response to other areas of planning policy including:
- testing whether other planning obligations can viably be met;
 - testing whether a property can viably be refurbished for continuation of the existing use.
- 7.3 This section provides guidance explaining what a viability assessment is, when a viability assessment is required, how we will respond to the London Plan threshold approach to viability, what steps should be taken before a viability assessment is submitted, the form a viability assessment should take, and the inputs that should be included. The guidance also sets out when we will require post-permission viability reviews and deferred housing/ affordable housing contributions, key elements of our approach to viability review and deferred contributions, and the obligations we will seek to secure deferred contributions.
- 7.4 A number of technical terms are used in policies and guidance related to viability assessment. These are explained in the following sub-sections and also included in the Glossary at the end of the CPG.

What is viability assessment?

- 7.5 National Planning Practice Guidance (NPPG) indicates that viability assessment is a process of establishing whether a proposal is financially viable, by looking at whether the value generated by a completed development is more than the cost of developing it. It advises that assessment of viability helps to strike a balance between:
- the aspirations of developers and landowners, in terms of returns against risk, and
 - the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.
- 7.6 A viability assessment is a balance sheet for the development which establishes the gross value of the development (*gross development value* or GDV) taking account of all revenues, and the total cost of development (taking account all site preparation and construction costs, developer's return or profit, and anticipated planning obligations, including housing and affordable housing requirements). For these purposes, developments costs should exclude any price paid for land acquisition, or alternative method of valuing the land.
- 7.7 Figure 14 sets out typical inputs that should be included in viability assessments. More information about these inputs is provided in the sub-section of this guidance 'Inputs to viability assessment'.

Figure 14. Typical inputs to include in viability assessment

Cost inputs	Revenue inputs
demolition and build costs (supported by an elemental cost plan)	sales values
professional fees	payment by a housing association for transfer of affordable housing
marketing fees	public subsidy for affordable housing (if not included above)
development finance costs	capitalised rents and yield (for non-residential floorspace and any proposed private rented residential floorspace)
land finance and holding costs (for the period covering scheme preparation, planning application and development)	capitalised ground rental income
planning obligations	
developer's return or profit (non-residential floorspace and market housing)	
contractor's return (affordable housing)	

- 7.8 The Council requires viability assessments to generate a *residual land value* (or residualised land value) by subtracting the total development costs from the gross development value. The residual land value is the sum remaining to fund land acquisition.
- 7.9 Schemes are considered to be viable where the residual land value matches or exceeds a *benchmark land value* for the site. The benchmark land value is based on the value of the site in its existing use plus a *premium* to providing the landowner a reasonable incentive to bring forward land for development. The benchmark land value should reflect abnormal costs such as treatment of contaminated sites, site-specific infrastructure costs, and the costs of complying with the development plan policies in place.
- 7.10 The Council will seek to agree the benchmark land value with the applicant, with the assistance of advice from an independent advisor appointed to verify the applicant's viability assessment. More information about how we will establish the benchmark land value is provided in the sub-section of this guidance 'Land value'.

When is a viability assessment required?

- 7.11 The Camden Local Plan 2017 and our local requirements for the validation of planning applications indicate that we will require submission of a viability assessment:
- where Local Plan requirements for housing or affordable housing are not met on the grounds of financial viability (validation requirement);
 - to justify the mix of uses proposed where Policy H2 requirements apply (Local Plan paragraph 3.64);

- to justify the proportion of affordable housing proposed and demonstrate that the proposed affordable housing is deliverable where Policy H4 requirements apply (Local Plan paragraph 3.123);
- where it is argued during negotiations on a proposed scheme that the Council's requirements will render development unviable (Local Plan paragraph 11.35).

7.12 Paragraphs 3.64 and 3.123 of the Local Plan indicate that where proposals for housing or affordable housing fall significantly short of policy requirements we may seek independent verification of the viability assessment funded by the developer. Independent verification will generally be sought wherever a viability assessment or post-permission viability review is required. This independent verification will be commissioned by the Council in negotiation with the applicant. If verification is not directly commissioned by the Council for any reason, we will expect to agree the advisor and the specifications in advance, and to enter into direct confidential discussions with the advisor.

National guidance on viability assessment

- 7.13 The government's approach to viability assessment and decision taking is set out in National Planning Practice Guidance (NPPG) ID10 paragraphs 7 to 21. The Council's approach is generally consistent with NPPG.
- 7.14 NPPG sets out principles for carrying out a viability assessment, and indicates how gross development value, costs, benchmark land value, existing use value and the premium to the landowner should be defined for the purpose of viability assessment. We will be guided by the NPPG unless this guidance sets out an alternative position. NPPG adopts the same viability assessment process as this guidance, but does not use the term residual land value. Viability assessments submitted to the Council should generate a residual land value in accordance with this guidance.
- 7.15 NPPG indicates that the role for viability assessment is mostly at the plan-making stage, but also indicates that in some circumstances it may be appropriate to undertake viability assessment at the application stage and give weight to the assessment in decision making (NPPG ID10 paragraphs 2, 7 and 8).
- 7.16 Viability assessment of the Camden Local Plan 2017 proceeded on the basis that the cumulative costs of all policy requirements and planning obligations should not threaten the viability of development in such a way as to harm the overall deliverability of the Plan. Consequently, Policies H2 and H4 were drafted on the basis that in many circumstances it would be appropriate to carry out a more detailed viability assessment of a particular development to determine the appropriate mix of uses and/ or the appropriate proportion of affordable housing. The Council therefore considers that viability assessments should continue to be submitted in relation to Policies H2 and H4, and be given substantial weight in decision making.

London Plan threshold approach and viability assessment

- 7.17 As noted in paragraph 4.29 of this CPG, the draft London Plan sets a target for 50% of all new homes to be genuinely affordable, but also sets a lower percentage threshold for some schemes which may allow developments to proceed on a fast-track viability route despite providing less than 50% affordable housing. Given the gap between affordable housing need in Camden and the likely level of delivery, for all developments that include housing, including those where self-contained housing is required by Local Plan Policy H2, the Council will strive to:
- meet our sliding scale target for affordable housing and have capacity for fewer than 25 additional homes, and
 - achieve 50% affordable housing in developments that have capacity for 25 or more additional dwellings.
- 7.18 As noted in paragraph 4.30 of this CPG, for larger developments the Council may have regard to London Plan threshold approach (fast-track viability route) where appropriate, particularly in relation to strategic developments that must be referred to the Mayor prior to decision-making under the provisions of the [Town and Country Planning \(Mayor of London\) Order 2008 \(as amended\)](#), but only where the development meets all the criteria set out in section C of draft London Plan Policy H5. Consequently, unless otherwise agreed with the applicant for a particular proposal, the Council will continue to seek submission of a viability assessment for all developments which fail to satisfy the full requirements of Policy H2 and/ or Policy H4 on the grounds of financial viability, or there are concerns about the deliverability of housing/ affordable proposed.
- 7.19 Where the Council does agree that a planning application should follow the fast-track viability route, we may seek submission of more limited viability evidence alongside the planning application, and seek to agree key data before granting a planning permission. These submissions will assist the Council and the developer where there is a review of viability after development has commenced. This viability evidence and key data may include:
- an assessment of the benchmark land value appropriate to the site;
 - evidence of the scale of any deficit (loss) arising where the residual land value is lower than the benchmark land value at the time the application is submitted.

Before a viability assessment is submitted

- 7.20 Paragraphs 4.3 to 4.5 of this CPG encourage developers to engage with the Council at the pre-application stage where the requirements of Policy H2 and/ or Policy H4 apply to a development. Pre-application discussions should include some discussion of viability. As a minimum discussions should address whether submission of a viability assessment is required. Discussions may also address alterations to the

proposal to improve viability, the appropriate form and content for the viability assessment, and the findings of an initial viability assessment.

- 7.21 Early discussions can help to avoid delays after the application is submitted by ensuring that all necessary information is provided to:
- justify the approach taken to complying with Policies H2 and H4;
 - demonstrate that the submitted proposal meets policy requirements as far as possible; and
 - fully assess and determine the application.
- 7.22 At the pre-application stage or subsequently, where an initial viability assessment indicates that full compliance with all policy requirements would render the development non-viable, we may ask the applicant to consider adjustments to the proposal and variations to policy requirements to improve viability. Variations could include changes to the types and mix of affordable housing sought (see section 3 of this CPG), changes to the proportion of housing and/ or affordable housing sought (see section 4 of this CPG), off-site delivery of housing and/ or affordable housing (see section 5 of this CPG), or exceptionally making a payment-in-lieu of housing/ affordable housing (see section 6 of this CPG). Variations to requirements should reflect discussion with the Council rather than simply following developer preferences.
- 7.23 Pre-application discussion of the form and content of the viability assessment may include:
- the range of inputs that should be included in the assessment
 - the factors that should inform the benchmark land value
 - the types and mix of affordable housing to consider, and the rents and capital values that will apply, having regard to section 3 of this CPG and the advice of the Council's [Housing Commissioning and Partnerships Team](#)
 - submitting one or more drafts of the viability assessment through an iterative process, particularly where variations of the type set out in paragraph 7.22 are proposed on the grounds of viability.
- 7.24 In accordance with NPPG, viability should be assessed against a benchmark land value based on the existing use value of the site plus a premium to the landowner. Where any alternative basis for viability assessment is proposed, this should be considered as part of pre-application discussions.
- 7.25 As indicated in paragraph 7.12 of this guidance, in most circumstances the Council will expect applicants to fund an independent verification of the financial viability assessment. Where independent verification is likely to be required we will seek to discuss this at the pre-application stage, and we will seek a commitment from prospective applicants to provide the necessary funding.
- 7.26 In some cases, information submitted with a viability assessment may include a comparison between the residual land value of the proposed

development and the residual land value of a hypothetical or counterfactual development, also generated by a viability assessment supported by evidence of costs and values. Submission of such information may be appropriate where an applicant proposes to deliver off-site housing/ affordable housing, or make a payment-in-lieu of housing/ affordable housing. The appropriateness of assessing counterfactual developments should be discussed at the pre-application stage. Types of counterfactual development that could be considered include:

- a development that meets our policy requirements for housing and affordable housing on-site and in full but is not viable
- a development that partly meets our policy requirements for housing and/ or affordable housing on-site
- a development that provides housing and/ or affordable housing on an alternative site in the area
- a development that provides no housing or affordable housing.

What form should the viability assessment take?

- 7.27 Several viability assessment models are available, and the Council does not insist that a particular model is used. However, the model must generate a residual land value on the basis of an agreed developer return (reflecting project scale, risk and loan requirements - see paragraph 7.33 of this guidance), and must be capable of being fully interrogated by the Council and any appointed independent verifier. The Council encourages the use of standard viability software. Where a bespoke model is produced for a particular scheme, the Council will expect a fully working electronic copy to be made available so that assumptions can be tested and varied by the Council and an appointed independent verifier. The Council will respect any intellectual copyright existing in a bespoke viability assessment model and seek to agree with the applicant any arrangements needed to ensure copyright is protected.

Transparency and confidential viability information

- 7.28 The Camden Local Plan 2017 indicates that the Council supports transparency in decision making (see Local Plan paragraphs 3.64, 3.123 and 11.35). To that end we will:
- expect developers to provide information on viability through an open-book approach;
 - seek the maximum reasonable disclosure of information in viability assessments; and
 - have regard to any elements that are commercially sensitive.
- 7.29 When an applicant submits viability information to the Council (including viability assessments and all supporting material), the applicant should be aware that the Council favours transparency and public disclosure. There is a presumption in favour of disclosure, both built into the Environmental Information Regulations 2004 and the Council's own

approach. Therefore the Council's standard policy is that all viability information will be released, whether proactively by routine publication or reactively ie in response to Environmental Information Regulations or Freedom of Information Act requests.

- 7.30 As noted there is a presumption in favour of disclosure therefore the Council will assess any case for confidentiality against that backdrop having regard to the adverse effect and the overriding public interest test in the Environmental Information Regulations and the Freedom of Information Act. Where, in the Council's opinion, the public interest falls on the side of releasing, the viability information will be published notwithstanding the applicant's case for any specific element of the viability information to remain confidential.
- 7.31 As indicated in Local Plan paragraphs 3.64 and 3.123, the Council may seek independent verification of a viability assessment where the proposed contribution to housing or affordable housing falls significantly short of requirements in Policies H2 and H4. The Council will also favour transparency and public disclosure in the verification process. As part of the decision-making process the Council will therefore generally release a report of the independent verification of the financial viability assessment.
- 7.32 Where a further viability assessment or a viability review is submitted to the Council after planning permission has been granted (for example, in association with a deferred contingent contribution to housing or affordable housing), the Council will also favour transparency and public disclosure.

Inputs to viability assessment

- 7.33 Viability assessment of development requires the input of a range of information including build costs, developer's return (profit) and sales values. A summary of the typical inputs that should be included in viability assessments is provided in paragraph 7.6 and Figure 14 of this guidance. We will expect the inputs to the viability assessment to meet the following requirements:
- all inputs should be backed up by relevant evidence;
 - build costs should be backed up by BCIS data, quotations for building works, an elemental cost plan and detailed specification of the intended fit out, accompanied by any plans and drawings that have been used in formulation of the cost plan but do not otherwise form part of the planning application;
 - land finance and holding costs should generally relate to a period starting from when a proposed development scheme is prepared for pre-application discussion with the Council, and continuing until development has been completed – they should not generally include periods when the site has not been in the control of the applicant, periods when the site has been generating a net revenue for the applicant from an existing use, periods when the applicant is not actively seeking to bring the site forward for development (eg if a site

is held as part of a land bank), or delays and costs arising from failed appeals;

- land finance and holding cost should relate to an agreed benchmark land value for the site where this differs from the price paid, as the price paid may overestimate what can be achieved on the site (see paragraphs 7.36 to 7.45 of this guidance);
- residential sales values should be backed up by analysed evidence of values achieved for comparable new-build homes of similar specification that have recently been completed nearby;
- affordable housing values should be based on evidence including a breakdown of assumptions regarding rent, full market value, initial equity sale, any staircasing assumptions, and anticipated rent charged on unsold equity, accompanied by capitalisation yield and calculations used to derive capital values, and should be backed up wherever practical by offers from Registered Providers on the Council's [Approved Strategic Partner List](#) (see also paragraph 7.23 of this guidance);
- the assessment should express the developer return on the market housing and non-residential elements of a scheme as a percentage of their gross development value (GDV) (the capital value of all revenue derived from these elements), although this may be accompanied by other measures of developer return, such as a percentage of costs or internal rate of return (IRR);
- a lower percentage return should be assumed on the affordable housing reflecting the low risk associated with sale to a Registered Provider – this may be incorporated at a blended rate with return on the market housing and commercial elements;
- the percentage developer return should reflect the scale and the risks associated with the project, and the current requirements of lenders – the applicant should justify the percentage selected; and
- cash flows should be modelled wherever appropriate.

7.34 Sensitivity testing should be carried out and submitted as part of each viability assessment to show the potential for the residual land value to change significantly as a consequence of relatively small changes in the inputs. In particular, the impact of changes in sales value and build costs should be tested given the rapid increases in Camden house prices in the period after 2010 and concerns about increases in build costs. When a viability assessment is independently verified, this will include verification of any sensitivity testing provided by the applicant, and provide additional sensitivity testing where the submitted assessment is deficient.

7.35 The Council will closely scrutinise development costs and values. Where independent verification of the assessment is sought, this will indicate whether or not the inputs used are appropriate and are in accordance with relevant evidence.

Land value

- 7.36 NPPG advises that the viability should be assessed against a benchmark land value based on existing use value plus a landowner premium. As indicated in paragraphs 7.8 and 7.9 of this guidance, the Council requires viability assessments to generate the residual land value of the development as an output (gross development value minus total development costs), and the Council will consider the development to be viable if the residual land value exceeds a benchmark land value based on the value of the site in its existing use plus a premium to provide the landowner a reasonable incentive to bring forward land for development.
- 7.37 Existing use value plus a premium is the preferred measure of land value adopted by NPPG and the Council. Other measures of land value will only be considered in exceptional circumstances. As stated in paragraph 7.10 of this guidance, we will seek to agree the benchmark land value with the applicant, with the assistance of advice from any appointed independent verifier, and the starting point for these negotiations will be the existing use value (EUV).
- 7.38 The Council's preferred measures of land value and their components are summarised in Figure 15.

Figure 15. Preferred measures of Land Value and their components

Residual land value	The value remaining to fund release of the land once all scheme costs and revenues have been taken into account, including build costs, professional fees, developer's returns, provision of affordable housing and s106 contributions, but excluding site acquisition cost.
Benchmark land value	An agreed land value used to assess whether a development is viable, based on the value of the land in its existing use, plus a premium as an incentive to the land owner to bring forward land for development.
Existing use value (or EUV)	The value of a site in its existing condition and lawful use, taking account of all sources of revenue, but excluding hope value arising from aspirations for future development. The Council will require evidence of the EUV, for example the value of rents paid by an existing occupier, or values achieved for sale of comparable sites where continuing in the same use. In accordance with NPPG, where refurbishment or redevelopment is assumed, the resulting value should be considered as an <i>alternative use value</i> , and should take account of any refurbishment or development costs that would be incurred to generate the anticipated revenue. No landowner premium should be added to an alternative use value.
Existing use value plus a premium (or EUV plus)	The value of a site in its existing lawful use, as described above, but with an additional premium added as an incentive to the landowner to make the site available for development. Any premium is usually expressed as a percentage of EUV. The scale of any premium will depend on the particular circumstances of the site (eg whether the land is vacant or occupied, the condition and marketability of any buildings and the options available).

Landowner premium

- 7.39 NPPG indicates that the premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a development to fully comply with policy requirements. The incentive needed to bring forward the land will depend on the other options available in the specific circumstances of the site, so there is no normal or usual percentage to apply as a premium.
- 7.40 In some circumstances (eg where a property is vacant and significant expenditure would be required to return it to use) a residual land value at or around EUV may be sufficient to incentivise development, without any significant premium. In other circumstances (eg where the property has an occupier and the existing use can continue to generate revenue), a premium will need to be added to the existing use value (EUV plus) to incentivise release of the site. In Camden, the demand for property is high and there are relatively few unused sites, so this second scenario is typical.

- 7.41 The GLA has identified a number of appeals in which existing use value has been accepted as the starting point for benchmark land value. In some appeal cases, no premium was held to be required, but in others reasonable premiums were held to be and addition of 10% or 20% to the existing use value.
- 7.42 As a broad indicator, subject to supporting evidence, premiums that may apply in particular circumstances could include:
- 0-10% for old dilapidated buildings at the end of their economic life;
 - up to 20% for a property in a viable existing use; and
 - up to 30% where development would require relocation of an existing activity that could viably continue on site, and the cost of relocation would fall to the landowner.

Price paid and evidence from land transactions

- 7.43 Viability assessment should not include land value or acquisition cost as a fixed input. NPPG confirms that "where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan" (ID10 paragraph 14). Valuations and acquisition costs generally reflect an assumption by the valuer or purchaser about what can be developed on the site, including an assumption about the proportions of non-residential development, market housing and affordable housing that may be acceptable. If land value forms a fixed input to the assessment, the process becomes circular, and the proportions of market housing and affordable housing that are viable will match the initial assumption of the valuer or purchaser.
- 7.44 NPPG advises that land transactions should only be used as a cross check alongside other evidence. Transactional evidence will only be relevant where:
- it relates to comparable sites nearby;
 - full and relevant details of the transactions are known and publicly verifiable; and
 - there is clear evidence (such as a viability assessment) demonstrating that the stated prices or values allow for viable development proposals that fully comply with planning policy, or a transparent and fully justified adjustment is made to the stated prices or values to reflect the cost of full compliance with planning policy.
- 7.45 The purpose of the premium referred to in Figure 15 and paragraphs 7.39 to 7.42 of this guidance is to provide an incentive to a landowner (as a vendor) to release the site for development. A separate incentive is provided to the developer (as a purchaser) to proceed in the form of a developer return or profit based on the value of the completed development. Once a land transaction has taken place, it is not appropriate for the developer to apply a further premium to the market value or the price paid.

Alternative use value

- 7.46 Alternative use value (AUV) is a land value based on a use of the site that is different from the existing use. NPPG indicates that an alternative use value (AUV) may be used to inform the benchmark land value, but only where the alternative use would fully comply with up-to-date local plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. NPPG advises that any value based on refurbishment or redevelopment of an existing use should be treated as an alternative use value for the purposes of informing the benchmark land value.
- 7.47 Having regard to NPPG, we consider that an alternative use value should only be used as an indicator of benchmark land value where it is:
- a demonstrably realistic option for the site given market demand for the use in that location; and
 - fully supported by evidence of the cost of establishing the alternative use and the revenues anticipated from it; and
 - accompanied by a fully justified explanation of why the alternative has not been pursued.
- 7.48 In addition, the Council will only consider an alternative use value that relates to one of the following:
- a lawful use or development of the site that does not require an issue of planning consent (having regard to the most recent lawful use and any applicable development orders)
 - a use of the site that benefits from a current planning consent with potential to be implemented
 - a use or development agreed in principle as a site allocation in an adopted local plan that gives sufficient detail for the proposal to be costed and valued.
- 7.49 The Council will not accept alternative use value as an indicator of benchmark land value where it rests on assumptions about what would be granted planning consent, and requires costs and sales values or rents to be established for a hypothetical scheme that has not been worked-up in sufficient detail to be implemented.
- 7.50 An alternative use value (AUV) cannot provide a meaningful indicator of the benchmark land value unless it represents a financially viable development that would be an option for a landowner to consider. To be financially viable, the scheme would by definition provide an appropriate return to the developer (profit) and a sufficient return to the landowner for the property to be released for development. Consequently, as indicated by NPPG, it should not be necessary for a further landowner premium to be applied to an alternative use value.

Post-permission viability review and deferred contributions to housing/ affordable housing

- 7.51 Many factors can have a significant impact on the viability of development, including changes to sales values and rental returns, changes to build costs, changed specifications for materials and finishes and changes to the cost of finance. These factors can change quickly, and changes of a few percentage points can have a significant impact on the viability of a development. Significant changes to viability are likely between the grant of planning permission and commencement, and between commencement and completion of the development.
- 7.52 To respond to the sensitivity of viability assessment, Policies H2 and H4 of the Camden Local Plan 2017 indicate that where the provision of housing/ affordable housing falls significantly short of requirements due to financial viability, and there is a prospect of viability improving prior to completion, we will seek a deferred contingent contribution. Each policy provides for the deferred contribution to be based on the initial shortfall of housing/ affordable housing and an updated assessment of viability undertaken when costs and receipts are known as far as possible.
- 7.53 This updated assessment of viability is often referred to as a post-permission viability review. The viability review may occur at different stages in the development process, although the Local Plan indicates it should be undertaken when costs and receipts are known as far as possible. Deferred contributions are 'contingent' on the outcome of the viability review. The deferred contribution is not a fixed amount, but is capped at the shortfall between the amount of additional housing/ affordable housing proposed and the Council's policy targets, and will depend on the extent to which viability has improved when the review is undertaken.

Key features of the Council's approach to deferred contributions

- 7.54 The Council has an established approach to post-permission viability review and deferred housing/ affordable housing contributions, which has been incorporated as a planning obligation for many developments that are now complete, has delivered substantial additional funding for affordable housing, and was agreed through the public examination process for the Camden Local Plan 2017. Key elements of our approach are summarised in the bullet points following this paragraph, while paragraphs 7.56 to 7.59 provide the rationale for each element, and paragraphs 7.60 to 7.61 discuss the alternative approach set out in the draft London Plan.
- A post-permission viability review will generally be required close to substantial completion of the development (as indicated by paragraphs 3.65 and 3.124 of the Local Plan) – known as a *late stage viability review* – except in the case of multi-phase schemes and strategic developments that that must be referred to the Mayor prior to decision-making.

- Shortfalls in the provision of housing/ affordable proposed at the application stage and the scale of deferred contribution sought will generally be calculated on the basis of floorspace (GIA) rather than the number of homes or habitable rooms.
- Any deferred housing/ affordable housing contribution will generally take the form of a payment in lieu of housing/ affordable housing - except in the case of multi-phase schemes and strategic developments that must be referred to the Mayor prior to decision-making.
- A deferred contribution will only be triggered if the viability review shows that there has been a sufficient improvement in viability for the residual land value to exceed an agreed benchmark land value. Where the benchmark is exceeded, then the excess will be split between the Council and the developer on a 60%:40% basis (in the Council's favour), unless the Council's share reaches the cap. Where the cap is reached, the contribution matches the shortfall between housing/ affordable housing provision and the Council's policy targets, and any further growth in the residual land value relative to the benchmark land value will pass to the developer in full. No contribution will be required if the viability of the development has weakened or remained unchanged.

7.55 Where a deferred housing/ affordable housing contribution in the form of a payment-in-lieu has been agreed prior to the adoption of this guidance, but the Council has yet to formally determine the application, transitional arrangements may apply. The details of the transitional arrangements and the circumstances in which they apply are set out in paragraphs 6.22 to 6.25 of this guidance.

Late stage viability review

- 7.56 The use of late stage viability reviews (close to substantial completion) is justified by the character of the Camden property market, and the extent of uncertainty about development values and costs.
- There have been rapid changes in prices and rents in Camden in the last decade. House prices rose in Camden by 79% from £451,643 in April 2009 to £808,860 in March 2019, encompassing rapid growth in the first five years and relative stability thereafter (source: Land Registry), while prime rental growth 2011-2016 for offices varied between 25% and 60% across Camden office districts (Midtown, Bloomsbury, New Oxford Street, Euston and King's Cross) (source: London Office Policy Review 2017, GLA).
 - There are reports that build costs in Inner London are as much as 20% above the national average and concerns that they could rise rapidly in coming years due restrictions on the movement of workers and the high number of construction projects taking place in the capital.
 - Many of Camden's development projects take advantage of the particular qualities of the borough to create unique developments at

the higher end of the market – examples include developments in historic areas and developments creating views over Central London or Hampstead Heath. Given the uniqueness of such properties, it is exceedingly difficult to identify comparable developments or pertinent values achieved elsewhere, and consequently there is considerable uncertainty over the values likely to be achieved.

- Many of Camden's development projects (particularly those aimed at the higher end of the market) are designed to very high specifications in terms of materials, finishes and decor. High specifications give rise to high build costs that are difficult to confirm by reference to published sources such as BCIS, and are often engineered downwards during implementation. Undertaking viability review close to the end of the development process removes uncertainty as it allows recorded build costs to be used rather than estimates.
- Uncertainty about costs and values means that an early stage viability review (at or around the time of commencement) could allow a scheme to make a significantly smaller contribution to housing/ affordable housing than could be supported by the values finally achieved, particularly if the viability review is only required if substantial commencement of construction fails to take place within a modest period (such as 24 months from issue of the permission). Undertaking viability review close to the end of the development process removes uncertainty as it allows recorded sales values and rents to be used rather than predictions.

Shortfall assessed on the basis of floorspace

- 7.57 The Inspector conducting the public examination of the Local Plan accepted that the use of floorspace (GIA) to assess the percentage (and shortfall) of housing/ affordable housing is justified in the borough.
- For primarily non-residential development, floorspace (GIA) is the only measurement generally available from planning application forms and/ or additional information requirement forms for CIL (Community Infrastructure Levy).
 - For residential development, the use of floorspace (GIA) enables the Council to negotiate much-needed large affordable homes, in the context of Camden's high existing percentages of small homes and overcrowding in the Social Rented sector (see Local Plan paragraphs 3.109 and 3.186 to 3.189).
 - As set out in paragraph 3.31 of this CPG, the Council does not consider habitable rooms to offer an appropriate basis for assessing the percentage of affordable housing due to the potential to provide large open-plan spaces and extra non-habitable rooms in market homes and the potential to provide small or subdivided rooms in affordable homes.

Deferred contributions in the form of a payment-in-lieu

- 7.58 Seeking deferred housing/ affordable housing contributions in the form of a payment in lieu is justified in most cases by the small scale of the development in the borough, and the need to provide separate lobbies, corridors, stairs and/ or lifts for market and affordable housing.
- Data prepared for public examination of the Local Plan shows that 92% of schemes delivering housing in Camden from the April 2005 to March 2014 involved 1-10 homes, while only 8% involved more than 10 homes (97 schemes). Of the latter group, 56% involved 11-20 homes, 23% involved 20-50 homes, 12% involved 51-100 homes, and the remaining 8% involved 101-200 homes. Overall, of around 1,150 schemes completed over those 10 years, less than 1% involved over 100 homes (8 schemes).
 - As set out in paragraphs 3.22 and 3.23 of this CPG, the Council does not generally seek to mix affordable and market dwellings so that they share lobbies, corridors, stairs and/ or lifts due to the incidence of high service charges for facilities serving market housing, which make affordable housing too expensive for its intended occupiers.
 - For small-scale developments where separate access arrangements are required for market and affordable homes, it is not generally possible to change the mix of market and affordable housing after development has commenced.

Residual land value to exceed agreed benchmark land value

- 7.59 Requiring a deferred contribution only where residual land value increases to exceed an agreed benchmark land value is justified by the high proportion of planning applications in the borough that have a residual land value below the benchmark land value at the time of the application (and thus are not viable). Due to the borough's recent history of rapid rises in property values, developers often devise schemes assuming that schemes will become viable by the time of completion. If planning obligations require contributions to be made where the residual land value remains below the benchmark, such schemes are unlikely to be implemented.

London Plan approach to post-permission viability review

- 7.60 Paragraphs 7.17 to 7.19 of this guidance set out the Council's position on the draft London Plan's threshold approach, and indicate that we may follow the threshold approach (fast-track viability route) where appropriate, particularly in relation to strategic developments that are referred to the Mayor. The draft London Plan (in conjunction with the Mayor's Affordable Housing and Viability SPG) also follows a different approach from the Camden Local Plan in relation to post-permission viability reviews and deferred contributions. The Council may partly or wholly follow the London Plan approach to viability reviews/ deferred contributions where appropriate, particularly in relation to multi-phase schemes and strategic developments. However, we will always seek to

agree key viability data before granting a planning permission in accordance with paragraph 7.19 of this guidance.

- 7.61 Key features of the Council's approach to viability review and deferred contributions, and the justifications for them, are set out in paragraphs 7.54 to 7.59 of this guidance. Key features of the London Plan/ Mayor's SPG approach that differ from the approach set out in this guidance are summarised in the bullet points following this paragraph.
- An early stage viability review will be required at an agreed point (usually two years after permission) if the implementation of the development has not reached an agreed level of progress.
 - For schemes that are subject to initial viability assessment (but not schemes following the fast-track viability route), a late stage viability review will be required at an agreed point (usually when 75% of the scheme is sold or let).
 - The percentage of affordable housing required will be calculated on the basis of habitable rooms.
 - In the case of early stage viability reviews, any deferred affordable housing contribution will take the form of additional affordable homes on the development site. Payments-in-lieu are only accepted where additional affordable homes have been provided as far as possible and the remaining contribution is too small to provide an additional affordable home.
 - Assessment of the deferred contribution is based on a calculation of the change to the gross development value (subject to a percentage developer return or profit) minus the change to build cost between the time of the permission and the time of the review. Where this calculation produces a figure above zero (generally where there is a larger increase in gross development value than build cost), a deferred contribution must be made.
 - The London Plan/ Mayor's SPG approach assumes that developments are viable at the time of the permission. The calculation used in this approach could potentially produce a positive value (and trigger an obligation to make a deferred contribution) where the benchmark land value exceeds the residual land value at the time of the permission (ie the scheme is not viable), and continues to do so at the time of the viability review.

Obligations for viability reviews and deferred contributions

- 7.62 The Council will generally seek to secure the following detailed arrangements for post-permission viability reviews and deferred housing/ affordable housing contributions in a s106 agreement:
- the deferred contribution will take the form of a payment in-lieu to the Council's affordable housing fund
 - the maximum contribution will be a payment-in-lieu based on the shortfall against housing/ affordable housing targets, calculated in accordance with section 6 of this CPG

- full details of the agreed viability assessment which guided the grant of planning permission will be recorded
- the benchmark land value for the site agreed in that viability assessment will be recorded (in accordance with paragraphs 7.9 to 7.10 and 7.36 to 7.42 guidance)
- at a specific point (or points) during the development process we will require submission of a post-permission viability review produced on an open book basis – generally this will be when the development has been completed and a substantial proportion of the property has been sold or leased
- the developer will fund an independent verification of the post-permission viability review (as indicated in paragraph 7.12 of this guidance)
- following independent verification, the agreed benchmark land value will be subtracted from the updated residual land value generated by the viability review – this calculation will give a negative value or zero (a deficit) or a positive value (a surplus)
- if the calculation shows a deficit, no deferred contribution will be required
- if the calculation shows that 60% of the surplus is less than the maximum contribution, then the deferred contribution will be 60% of the surplus
- if the calculation shows that 60% of the surplus is equivalent to or higher than the maximum contribution, then the deferred contribution will be capped at the maximum
- following independent verification of the viability review, the Council will give formal notice of the sum required, and payment shall be made within 28 days.

7.63 Different arrangements may be appropriate in some cases, depending on character and scale of the development. For example:

- In the case of multi-phase schemes and large developments with a long site preparation and construction period, it may be appropriate to undertake more than one post-permission viability review.
- In the case of multi-phase schemes, a mid-term viability review may be sought before construction of the second and/ or subsequent phases to enable the introduction of additional housing and/ or affordable housing on site.
- As part of viability assessment, use of a growth model may sometimes be appropriate, however given the uncertainty inherent in predicting viability changes post-permission, normal requirements for post-permission viability review will generally apply unless the housing/ affordable housing requirements of Policies H2 and H4 are met in full. Where growth models are used, they must be supported by evidence to show their assumptions are realistic.
- Where the proposal involves a single-phase development, a growth model should be used for scenario-testing.

- Where the proposal involves a multi-phase scheme or a large development with a long site preparation and construction period, a growth model may be used to assess anticipated viability at the time of completion. Use of a growth model may help to maximise the proportion of housing/ affordable housing included at the application-stage, and reduce the scale of any deferred contributions, but will still need to be tested through a post-permission viability review.
- Where the development may neither be sold nor subject to a long-lease upon completion, to achieve a reasonable indication of the gross development value it may be necessary to require the late stage viability review to take place after a period of operation (eg after one year). Examples where this approach may apply include hotels and build to rent housing developments.

7.64 Post-permission viability reviews should comply with all the requirements for viability assessment set out in this guidance, including the modelling of cash flows. Where inputs such as build costs and sales values are based on estimates rather than agreed contracts and transactions, we will expect assessments to use appropriate projections with reference to trends in the requisite segment of the market and to sources such as BCIS indices. The Council will favour transparency and public disclosure of the post-permission viability review in accordance with the subsection of this guidance 'Transparency and confidential viability information'.

8 Planning obligations to secure housing and affordable housing

KEY MESSAGES

Planning obligations under s106 of the Town and Country Planning Act 1990 will ensure that housing and affordable housing is delivered in compliance with the requirements of Local Plan policies.

The s106 terms will include measures to ensure any housing required is delivered before non-residential development is occupied.

The s106 terms will also include measures to ensure that any affordable housing required:

- is delivered before market housing is occupied
- meets our requirements in terms of types and mix
- is made available to eligible occupiers at an affordable cost
- is transferred to an agreed Registered Provider from our [Approved Strategic Partner List](#)

The s106 terms may also include measures to secure:

- off-site delivery of housing/ affordable housing
- payment-in-lieu of housing/ affordable housing
- post-permission review of financial viability
- payment of a deferred contribution to housing/ affordable housing

8.1 This section of the CPG relates to planning obligations negotiated to secure the requirements of the Camden Local Plan 2017 arising from Policy H2 - *Maximising the supply of self-contained housing from mixed-use schemes* - and/ or Policy H4 – *Maximising the supply of affordable housing*. Parts of this guidance may also be used to inform planning obligations negotiated to secure:

- requirements connected with development of specialist housing and Local Plan Policies H6 - *Housing choice and mix*, H8 - *Housing for older people, homeless people and vulnerable people*, H9 – *Student housing*, and H10 - *Housing with shared facilities*; and
- off-site replacement of homes protected by Local Plan Policy H5 - *Protecting and improving affordable housing*.

8.2 The Council will seek planning obligations under s106 of the Town and Country Planning Act 1990 to ensure that housing and/ or affordable housing is delivered in compliance with the requirements of Local Plan policies and this CPG. The precise terms of the s106 agreement will vary between proposals to reflect the nature and scale of the development.

All developments delivering housing required by Policy H2

8.3 The s106 agreement will include terms:

- identifying the number and type(s) of homes in the development
- preventing the occupation of non-residential floorspace until the housing is completed and available for occupation.

All developments delivering affordable housing required by Policy H4

- 8.4 Provision of affordable housing required under Policy H4 will always be secured through a s106 planning obligation. The precise terms of the s106 agreement will vary, but in most cases, the agreement will include terms:
- identifying the number and type(s) of homes in the development
 - identifying the number and type(s) of affordable homes in the development
 - specifying which homes will be London Affordable Rent housing, which homes will be intermediate rent housing, and (where alternative types of affordable housing are included) which homes will be provided as each alternative type of affordable housing
 - defining Social Rent housing in terms of the Government's national rent regime
 - defining London Affordable Rent housing in terms of the [Mayor's benchmark rent levels and funding guidance](#)
 - defining intermediate rent housing in terms of the guidance contained in this document and other relevant guidance such as the Council's [Intermediate Housing Strategy](#), the London Plan, the Mayor's Housing SPG and the London Plan Annual Monitoring Report
 - ensuring that the affordable homes will be transferred to a Registered Provider on the Council's [Approved Strategic Partner List](#)
 - ensuring that transfer of the affordable homes does not take place until the Council has provided written agreement that a particular Registered Provider will receive transfer
 - ensuring that the affordable housing is completed, fitted out and transferred to the agreed Registered Provider
 - preventing the occupation of market housing until the affordable housing has been completed, fitted out and transferred to the agreed Registered Provider - including occupation of market housing justified by an affordable housing credit agreed in association with affordable housing development on another site
 - securing availability of the affordable housing to future eligible occupiers, or securing recycling of public subsidy if the affordable housing is sold.

Affordable housing other than Social Rent, London Affordable Rent and intermediate rent

- 8.5 Where the types of affordable housing delivered will not be homes for Social Rent, London Affordable Rent or intermediate rent, other terms

will be required to secure compliance with Policy H4. In such cases, the agreement may include terms:

- specifying a type or types of affordable housing other than London Affordable Rent, Social Rent or intermediate housing eg shared ownership
- defining each type of housing specified in terms of relevant guidance such as the NPPF, the London Plan, and the Mayor's Housing SPG
- controlling the rent levels for each specified type of affordable housing

8.6 For housing intended for affordable ownership, to ensure that homes are genuinely affordable and occupied by eligible households, the agreement may also include terms:

- limiting the minimum percentage share available in shared ownership homes
- limiting the rent charged on the unsold proportion of shared ownership homes
- specifying the percentage discount below market sales value
- specifying the maximum market sales value or the maximum sales price after discount
- specifying eligibility requirements, such as a maximum household income and a local connection
- limiting the purchaser's ability to let the property
- applying discount levels, eligibility requirements and letting restrictions to initial sale of each affordable home and each subsequent re-sale of that home.

Off-site housing/ affordable housing and payments-in-lieu

8.7 Where the development will deliver housing and/ or affordable housing on another site, or will make a payment-in-lieu of housing and/ or affordable housing, and additional costs of delivery will fall to the Council, the s106 agreement will include a term:

- securing a payment to cover the additional costs of delivery of off-site contributions.

8.8 Where the development will deliver housing and/ or affordable housing on another site, other terms may be required to secure compliance with Policy H2 and/ or Policy H4. In such cases, the s106 agreement will include terms:

- where off-site delivery will be at a known site or sites, linking the developments together
- where Policy H2 applies, preventing the occupation of non-residential floorspace until the off-site housing is completed and available for occupation - including occupation of non-residential development

justified by a residential land-use credit agreed in association with off-site housing development

- where Policy H4 applies, preventing the occupation of market housing until the affordable housing has been completed, fitted out and transferred to the agreed Registered Provider - including occupation of market housing justified by an affordable housing credit agreed in association with off-site affordable housing development
- where a site is not identified for delivery at the outset, specifying the floorspace required, the nature of the housing required and the general location(s) acceptable for delivery
- where a site is not identified for delivery at the outset, arrangements for identifying one or more delivery sites prior to the commencement of the development.

8.9 Where the development will make a payment-in-lieu of housing and/ or affordable housing, the s106 agreement will include terms:

- ensuring that the payment-in-lieu of housing/ affordable housing is received prior to commencement of the development
- exceptionally for a development with capacity of fewer than 10 additional homes and/ or where justified by evidence, ensuring that the payment-in-lieu of housing/ affordable housing is received at an agreed point in the development process after commencement but prior to completion/ occupation.

Securing post-permission viability reviews and deferred contributions

8.10 Where the delivery of housing/ affordable housing secured at the planning application stage falls significantly short of policy requirements due to financial viability, and there is a prospect of viability improving prior to completion, the s106 agreement will include terms:

- securing a post-permission viability review at a specified point or points in relation to the delivery of the development
- securing payment of a deferred contribution to housing and/ or affordable housing based on the outcome of the viability review(s).

8.11 Section 7 of this CPG sets out details of the arrangements the arrangements that will apply in such circumstances in the sub-section 'Post-permission viability review and deferred contributions to housing/ affordable housing'.

9 Residential development standards

Section 4 of the Interim Housing CPG (March 2019) (including the Key Messages, Key Documents, paragraphs IH4.1 to IH4.10 and Figure IH12) is included with no changes other than non-material corrections/ cross-referencing updates.

KEY MESSAGES

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

Introduction

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

Key documents

- MHCLG Technical Housing Standards - [Nationally Described Space Standard](#). From the outset of creating a new home the applicant's proposal will need to have addressed the requirements for space standards. Please note that these parameters are minimum requirements and developers are encouraged to exceed these, see paragraph 3.36 of the [London Plan 2016](#).
- [Building Regulations Approved Document M](#) (Volume 1): This piece of legislation applies to all new build homes. It sets out standards for 'Access to and use of buildings'. Part M is broken down into 3 categories that are listed below. Regulation M4(1) is mandatory for all new dwellings unless one of the optional requirements, M4(2) or M4(3), applies.

- Paragraphs 9.7 to 9.10 and Figure 16 of this CPG provide more detail about the optional requirements and provision of homes specifically for wheelchair users.
 - M4(1): Visitable dwellings
 - M4(2): Accessible and adaptable dwellings – *homes suitable for a wide range of occupants with differing needs including some older people and disabled people, and allowing for adaptation to meet the changing needs of occupants over time*
 - M4(3): Wheelchair user dwellings – *includes sub-category (2a) wheelchair adaptable dwellings and sub-category (2b) wheelchair accessible dwellings*
- [Mayor of London's Housing SPG 2016](#): This document, particularly Part 2: Quality and Part 2.3 Dwellings, sets out many of the internal considerations for creating good living spaces.
- [London Plan 2016](#)
- [Camden Local Plan 2017](#) - Chapter 3 'Meeting Housing Needs'
- Other [Camden Planning Guidance](#) (CPG) relevant to the applicant's proposal

General principles for new homes

- 9.4 To create self-contained homes that achieve the key aims of this CPG and the policy considerations of national and regional guidance and Camden's Local Plan, the following principles are intended to guide applicants when designing a new home(s).
- 9.5 The general principles are applicable to all types of self-contained houses and flats including those created through new building, conversions and changes of use. In cases involving residential conversions of listed buildings a sensitive and imaginative approach to satisfying these principles may need to be taken.
- 9.6 For new build proposals, optional requirements in Building Regulations Part M will apply, and the applicant should also refer to the sub-section 'Wheelchair and accessible and adaptable homes' and Figure 16 below which set out specific further details that the council will expect the applicant to include as part of a planning application.

Size

- **Space standards** – Minimum nationally described space standard must be achieved for room sizes as well as the whole home. Any increase in the size is welcome [Nationally Described Space Standard point 10; London Housing SPG 2016 standard 24].
- **Plans** – Gross Internal Area (GIA) in square metres (sqm) must be annotated on the submitted plans. Rooms shown on plan must realistically illustrate furniture inside them and be of a size that enables the room to function for the purpose for which it is intended [London Housing SPG 2016 standard 25].

- **Wheelchair user dwellings** – This type of home requires larger rooms with spaces for manoeuvrability with furniture to provide Category 3 homes that comply with Part M(3) of the Building Regulations. [See paragraphs 9.7 to 9.10 and Figure 16 in this CPG and Building Regulations Approved Document M Volume 1 Part M4(3)- with appendix D].

Layout

In general, the internal layout should seek to ensure the main living room and other frequently used rooms are on the south side and rooms that require less sunlight (bathrooms, utility rooms) are on the north side. Kitchens are better positioned on the north side to avoid excessive heat gain.

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

- **Dual aspect** – Proposals should achieve good dual aspect [London Housing SPG 2016 Standard 29]. Habitable rooms should also have suitable outlook.
- **Natural light, Daylight/sunlight** - All the habitable rooms must have direct natural light, particularly the main living room. The applicant must ensure that the levels of daylight and sunlight that enter habitable rooms comply with BRE standards and that the report for 'Daylight and Sunlight' is submitted with the proposal [London Housing SPG 2016 Standard 32; CPG for Amenity].
- **Privacy** – The habitable rooms of a home should provide adequate levels of privacy for the new occupier. This is set out in the CPG for Amenity. The applicant must ensure all the habitable rooms have a suitable outlook and have suitable privacy. [Local Plan Policy A1; London Housing SPG 2016 standard 28].
- **Circulation space** – Rooms must be laid out around and accessed via sensible circulation spaces to ensure there is no excessive corridor length or wasted space.
- **Ceiling heights** - A minimum 2.3m headroom for at least 75% of the floor area is required as set out in the Nationally Described Space Standard technical requirements 10(i). Nonetheless, the applicant is strongly encouraged to provide a new home with a ceiling height of 2.5m for at least 75% of its gross internal area (GIA) as set out in the London Housing SPG 2016 standard 31. A higher ceiling will aid natural ventilation of a home particularly in Central London where there is a heat island effect; and will additionally raise the quality of the new home in terms of light and a sense of space.
 - Flexibility will be applied where an existing property is to be subdivided to form new self-contained homes, but as a minimum, a headroom of 2.3 metres will be required for any new home created through a conversion, across at least 75% of the GIA as set out in the Nationally Described Space Standard technical requirements 10(i).
 - It is also important to note headroom for storage areas and their inclusion in calculating the GIA of a new home [Nationally Described Space Standard technical requirements 10(f) and 10(g)].
 - Please refer to CPG for Amenity and for Basements for details about natural light and outlook to basement flats.

- **Accessible and adaptable dwellings, and wheelchair user dwellings**
M4(2) or M4(3) – These proposed homes shall meet Building Regulations part M4(2) or M4(3)(2)(a) or (b) and London Housing SPG 2016 standard 11 and Local Plan Policy H6. A specific Planning Condition shall be added to the decision notice that will specify which unit(s) on the approved plans are for M4(2), M4(3)(2)(a) and M4(3)(2)(b) [see the sub-section 'Wheelchair and accessible and adaptable homes' and Figure 16 below].
- **Storage** – Adequate storage space should be provided in accordance with Table 1 in the Nationally Described Space Standard. Provision of a utility room for a washing machine and drying area is particularly welcome for family homes. Space must also be provided for storing separated and sorted waste for recycling [CPG for Design; Local Plan Policy CC5; London Housing SPG 2016 standards 22 & 23].
- **Stacking** – 'Like' rooms must be placed above one another i.e. living rooms above living rooms, bedrooms above bedrooms to reduce the problem of noise disturbance between adjoining properties. This is particularly important for new homes created by subdivision of an existing dwelling.
- **Demountable partitions** – Where possible, these should be inserted to enable adaptation with the changing circumstances of residents. [London Housing SPG 2016 paragraph 2.3.28]. NB: where grab rails are required for the needs of disabled or elderly occupants, this type of wall will not be suitable.
- **Climate change mitigation** – The applicant must consider the overheating and ventilation of rooms. This includes the prevention of the need for mechanical cooling [London Housing SPG 2016 standards 34, 35 & 36; CPG for Energy efficiency and adaptation].
- **Basements** – This space must meet the design and size considerations set out in the CPG for Basements which supports Local Plan Policy A5.

Amenity

- **Amenity of neighbours** – The proposal should not have a significant detrimental impact to neighbouring amenity in terms of neighbouring outlook, privacy, sunlight, daylight, noise or vibration. Additionally, the proposal should not result in any overlooking into neighbouring habitable rooms. [Local Plan Policy A1; CPG for Design and for Amenity].
- **Outdoor space** – All new homes should have access to some form of private outdoor amenity space, e.g. balconies, roof terraces or communal gardens. Existing gardens and green space should be retained. New homes should meet the open space standard of 9sqm per resident or 0.74sqm per worker in a mixed use development [Local Plan Policies A1, A2 & A3; CPG for Public open space] [London Housing SPG 2016 standards 26 & 27].

Parking

- **Cars** – The new home must comply with Camden's Car-free policy. The Council will limit the availability of parking and require all new developments to be car-free [Local Plan Policy T2]
- **Disabled parking** – Proposals requiring disabled parking must incorporate Blue Badge parking spaces into the scheme [CPG for Transport; Local Plan Policy T2].
- **Cycle** – A suitable number of secure covered cycle spaces or storage space for them must be provided [London Housing SPG 2016 standards 20 & 21; Local Plan Policy T1; CPG for Transport; London Plan 2016 table 6.3].

Wheelchair and accessible and adaptable homes

- 9.7 In accordance with London Housing SPG 2016 standard 11 and Local Plan Policy H6, new build homes will be required to comply with optional requirements under Building Regulations Approved Document M (Volume 1), as follows:
- 90% of new build homes will be required to comply with the requirements of category M4(2) for accessible and adaptable dwellings – these are homes that are suitable for occupants with differing needs, including some older people and disabled people, and allow for adaptation to meet the changing needs of occupants over time; and
 - 10% of new build homes will be required to comply with the requirements of category M4(3) wheelchair user dwellings – these are homes that meet the needs of occupants who use wheelchairs, or allow for simple adaptation to meet their needs.
- 9.8 Paragraph 3.153 of the Local Plan states that “the Council will round the number of homes required in each category to the nearest whole number such that the total requirement for M4(2) and M4(3) dwellings adds up to 100%. The Council will not require M4(3) wheelchair user dwellings as part of developments that provide five additional dwellings or fewer”. Consequently, proposals comprising 5 or less additional new build homes should provide M4(2) compliant homes, but will not be required to provide M4(3) compliant homes.
- 9.9 When designing a home for a wheelchair user, the applicant is advised to take note of the general principles for M4(3) homes set out in Figure 16 below. These particular details are considered important for submission of a planning application.
- 9.10 Where the applicant has proposed a wheelchair user home and/or a number of homes as part of a new build development the submitted plans must be annotated to clearly show which homes are designated as either M4(2) or M4(3)(2)(a) and/or M4(3)(2)(b). This will allow the Council to secure these homes by a Planning Condition to the approved plans.

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

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

Reason: To ensure that the internal layout of the building provides flexibility for the accessibility of future occupiers and their changing needs over time, in accordance with the requirements of Policy H6 of the Camden Local Plan 2017.

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

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

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

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

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

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

Figure 16. General Principles for wheelchair user dwellings, M4(3)

- Wheelchair adaptable dwellings M4(3)(2)(a) – In accordance with the key documents listed after paragraph 9.3, in particular Building Regulations Approved Document M (Volume 1), applicants are advised that:
 - Submitted plans should demonstrate how easy it will be to alter a home in order to meet the future spatial and functional provisions of a wheelchair user.
 - Specific habitable rooms should be proposed with extra internal space that will allow for wheelchair manoeuvrability and a lifting platform where necessary.
 - It is preferable that future adaptation would not involve the loss of an existing room eg by requiring a wall to be knocked down to provide extra space. The loss of a room in the future may affect the suitability of the dwelling for its existing occupiers, particularly if it involves the loss of a bedroom.
- Wheelchair accessible dwellings M4(3)(2)(b) - In accordance with the key documents listed after paragraph 9.3, in particular Building Regulations Approved Document M (Volume 1), applicants are advised that:

- Submitted plans should demonstrate that all internal and external accesses are level with adequate widths and circulation areas as set out in M4(3) to internal doorways, storage spaces and attached outdoor spaces.
- All rooms must be step-free.
- *Kitchen* – submitted drawings should be at a scale of 1:20, illustrating position of furniture.
- *Bedrooms* – at least one bedroom to be close to an accessible bathroom that has wheelchair manoeuvring space.
- *Bathroom* – ensure that correct bathroom/ cloakroom provision has been provided for the size of unit.
- *Built in storage* – is applicable per bedroom within the home.
- *Car parking* – will be discussed having regard to Local Plan Policy T2 *Parking and car-free development*.
- *Cycle parking* – the Council encourages space provision for a non-traditional/ adaptable bike.

10 Development involving net loss of homes

Section 5 of the Interim Housing CPG (March 2019) (including the Key Messages and paragraphs IH5.1 to IH5.15) is included with no changes other than non-material corrections/ cross-referencing updates.

KEY MESSAGE

- We will generally resist proposals for redevelopment or conversion of housing that involve the net loss of two or more homes.
- The high cost of homes and the incidence of overcrowding in Camden both have negative impacts on health and wellbeing.
- Developments involving the loss of two or more homes may be acceptable in certain circumstances, including the creation of large homes in identified parts of the Borough that have a relatively low proportion of existing large dwellings.
- We will assess proposals taking into account all relevant material considerations and particularly the history of the building since June 2006, including previous developments and valid planning consents involving the loss of homes.

Large homes are defined in the Local Plan as homes with 3-bedrooms or more – please see paragraph 10.11 of this guidance for more information.

- 10.1 This guidance relates to clause c. of Camden Local Plan Policy H3 – *Protecting existing homes*. It applies to all proposals for development that involves the net loss of two or more homes. This guidance does not relate to applications for Lawful Development Certificates.
- 10.2 Clause a. of Policy H3 seeks to resist development that would involve a net loss of residential floorspace. Clause a. and clause c. operate independently of each other. Consequently:
- material losses of housing floorspace may be resisted where they do not involve a reduction in the number of homes; and
 - losses of two or more homes may be resisted where they do not involve a loss of housing floorspace.
- 10.3 The Camden Local Plan indicates that projected household growth can only be accommodated by net additions to the number of homes, and every home that is lost through development needs to be replaced. The Plan notes that developments involving a net loss of homes lead to the loss of approximately 50 dwellings each year, and many of these developments involve combining two or more homes into a single large dwelling. The Council therefore resists most development involving the net loss of homes, including losses arising from redevelopment or conversion of existing homes.
- 10.4 There is some evidence to suggest that where large homes exist in Camden, they are relatively unlikely to be occupied by large households.

The 2001 Census showed that across all tenures, 48% of the households occupying a home with 5-or-more rooms were one- or two-person households, with a higher proportion of 54% for owner-occupied homes with 5-or-more rooms. The 2011 Census showed that across all tenures, the proportion of households occupying homes with 5-or-more rooms that were one or two-person households had dropped to 44%, but the proportion for owner-occupied homes (including shared ownership) remained at 54%.

- 10.5 The Local Plan recognises in paragraph 4.14 that the quality of the homes that people occupy, including the incidence of overcrowding and high housing costs, will have a significant impact on their health and wellbeing. The provisions of Policy H3 clause c. therefore seek to achieve an appropriate balance between the retention of small homes (which will generally be less costly) and the creation of larger homes (which may sometimes help to address overcrowding).

Loss of a single home

- 10.6 The Council does not generally seek to resist schemes combining dwellings where they involve loss of a single home. This provision creates some scope for growing families to expand into an adjoining property.
- 10.7 However, the provision can also be used to make successive changes to a property to combine several homes into a single large dwelling. A town house comprising 5 flats (one per floor from basement to 3rd floor) could become one large dwelling through 4 losses of a single flat, reducing the number of occupiers below the capacity of the property, and generating a need for 4 additional homes elsewhere. The floorspace of the large dwelling created in such a scenario would typically exceed 250 sq m, which is very much greater than the minimum space standards for a 6-person dwelling set out in this guidance and in the London Plan.
- 10.8 To address the impact of successive changes, Policy H3 indicates that we will consider individual and cumulative proposals that would involve the net loss of two or more homes. The Council will therefore apply Policy H3 to resist a succession of developments that involve combining small homes to create larger homes. When considering planning applications we will take into account all relevant material considerations including the cumulative loss of units created by past changes and the potential for further losses from planning consents that have not expired.
- 10.9 We will particularly focus on:
- changes in the same building or block of apartments and flats, or in the same sub-divided town house; and
 - changes that have been made since 26 June 2006, which is the date on which the Council first adopted a policy to resist development that would involve the net loss of two or more homes, as part of the Camden Replacement Unitary Development Plan.

Creating large homes in identified parts of the Borough

- 10.10 Local Plan Policy H3 does provide for developments involving the net loss of two or more homes where they would create large homes in a part of the borough with a relatively low proportion of large dwellings. This relates to the four wards listed in paragraph 3.76 of Camden's Local Plan, namely Bloomsbury, Holborn and Covent Garden, King's Cross and Kilburn. Census data for 1991, 2001 and 2011 shows that in those three years fewer than 26% of households in the four wards lived in homes with 5 or more rooms. Providing for the development of more large homes in these wards contributes to the objective of creating mixed, inclusive and sustainable communities set out in the NPPF and Policy H6 of Camden's Local Plan.
- 10.11 Paragraph 3.185 of the Local Plan defines large homes as homes with 3 bedrooms or more. However, Census data for 1991 and 2001 provides information about the size of accommodation in terms of number of rooms rather than number of bedrooms. The Census definition of 'room' includes kitchens, living rooms, bedrooms, utility rooms and studies, and all other rooms except bathrooms, toilets, halls or landings, or rooms that can only be used for storage. Consequently, we have used Census data about homes with 5 or more rooms as an indicator of the number of homes with 3 bedrooms or more.
- 10.12 The Council no longer identifies Regent's Park or St Pancras and Somers Town as wards with a relatively low proportion of large dwellings. The 2011 Census shows that proportion of households in these wards that live in homes with 5 or more rooms has risen to 28% and 27% respectively. The 2011 Census also shows that in each of these wards households now have an average of 2.1 bedrooms, which is the same as the average across Camden overall.

Adapting existing affordable homes

- 10.13 Local Plan Policy H3 also provides for developments involving the net loss of two or more homes where they would enable existing affordable homes to be adapted to provide the affordable dwelling-sizes most needed. In considering proposals to adapt existing affordable homes, we will have regard to the severe problems of overcrowding and the high proportion of one- and two-bedroom dwellings in the social rented housing stock (particularly Council housing). As indicated in Local Plan paragraph 3.77, we may permit three or more affordable homes to be combined where this will create a single affordable home with three bedrooms or more.

Enlarging sub-standard homes

- 10.14 Local Plan Policy H3 also provides for developments involving the net loss of two or more homes where they would enable sub-standard units to be enlarged to meet residential space standards. We will consider such proposals favourably if existing homes are 20% or more below the minimum space standards set out in the nationally described space

standard and the loss of dwellings is no greater than is necessary to meet the standard. The minimum space standards set out in the nationally described space standard are reproduced as Table 3.3 of the London Plan March 2016.

Other material considerations

- 10.15 The Council will keep Camden Planning Guidance under review and will apply this guidance and Local Plan Policy H3 taking into account all relevant material considerations including the latest Census data, population projections, other evidence relating to housing need and supply, and the impact of changes to national and regional planning policy. We will also take account of the borough housing targets set out in the Local Plan and the London Plan, monitoring of housing delivery and the NPPF requirement that local planning authorities should plan to meet the objectively assessed needs for housing.

11 Glossary

Affordable housing

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/ or is for essential local workers), and which complies with one of the definitions of particular types of affordable housing.

Alternative use value (AUV)

A land value based on a use of the site that is different from the existing use.

Benchmark land value

An agreed land value used to assess whether a development is viable. National Planning Policy Guidance indicates that the benchmark land value should be based on the value of the land in its existing use, plus a premium as an incentive to the land owner to bring forward land for a development which fully complies with policy requirements.

Build to rent

Housing developed specifically for renting out in order to provide a regular revenue stream. To benefit from the provisions for this type of housing in the draft London Plan 2019, it should meet a number of criteria including: a covenant to remain in the rented sector for at least 15 years; unified ownership and management of all homes; and availability of tenancies of 3-years or more to all renters.

CIL (Community Infrastructure Levy)

A charge on development that local authorities can set to fund the infrastructure needed in their area to support additional development. The charge can only be applied to developments that create additional floorspace of 100 sq m (GIA) or more or additional dwellings. Some developments are eligible for relief or exemption from the levy.

Dual aspect

A dual aspect home is defined by the Mayor's Housing SPG as one with openable windows on two external walls, which may be either on opposite sides of the home or on two adjacent sides. Provision of a bay window does not qualify a home as dual aspect. One aspect may be towards an external access deck or courtyard, subject to privacy considerations.

Existing use value (EUV)

The value of a site in its existing condition and lawful use, taking account of all sources of revenue, but excluding hope value arising from aspirations for future development. Where refurbishment or redevelopment is assumed, the resulting value should be considered as an *alternative use value*, and should take account of any refurbishment or development costs that would be incurred to generate the anticipated revenue.

Essential local workers or key workers

Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers. The list of specific workers included may vary in particular situations.

Financial viability assessment

See *Viability assessment*.

Gross development value (GDV)

The gross value of a development, without subtracting development costs. The gross value takes all revenues into account, including sales value of market housing and non-residential space (where sold), payment for transfer of affordable housing (including any public subsidy), capitalised rents for non-residential floorspace and market housing (where leased or rented) and capitalised ground rents.

Gross external area (GEA)/ gross external floorspace

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

Gross internal area (GIA)/ gross internal floorspace

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

House in Multiple Occupation (HMO)

There are a number of types of HMO, but most commonly an HMO is a house or flat which is let to three or more tenants who form more than one household and who share a kitchen, bathroom or toilet.

A household is generally a single person living independently, two people living as a couple or several members of the same family.

The property may have been designed or converted to provide bedsits, or may simply be a shared house or flat.

Housing associations and registered providers

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

Intermediate housing

Affordable housing for households on average incomes. It costs more than housing for Social Rent or London Affordable Rent, but less than equivalent market housing. Intermediate housing costs (including service charges) must be affordable to households on incomes up to the level of a specific cap, set in 2019 at £60,000 for products to rent and £90,000 for products to buy, but reviewed and updated through the London Plan Annual Monitoring Report.

Large homes

Large homes are defined by paragraph 3.185 of the Camden Local Plan 2017 as homes with 3-bedrooms or more.

Large-scale shared living

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. To benefit from the provisions for this type of housing in the draft London Plan 2019, it should meet a number of criteria including: the scheme should be under single management; minimum tenancy lengths should not be less than 3 months; and all flats should provide an adequate functional living space and layout, but not be capable of use as self-contained homes.

London Affordable Rent

Affordable housing that is allocated to households on low incomes in accordance with need. Rents are capped at benchmark levels published by the GLA, and given for each year from 2017-18 to 2021-22 in the [Mayor's Affordable Homes Programme 2016-2023 – Funding Guidance](#).

Net internal area (NIA)/ net internal floorspace

The usable area within a building (or a specified property) measured to the face of the internal finish of perimeter or party walls ignoring skirting boards and taking each floor into account. Includes perimeter skirting, partition walls, kitchens, entrance halls, internal circulation areas and built-in storage occupying usable areas. Excludes areas with headroom of less than 1.5 metres.

Planning obligation

See s106 agreement or section 106 agreement.

Registered providers

See Housing associations and registered providers.

Residual land value

An output of viability assessment produced by subtracting the total cost of developing a site (excluding site acquisition cost) from the gross value of the completed development. Schemes are considered to be viable

where the residual land value matches or exceeds a benchmark land value for the site.

s106 agreement or section 106 agreement

A legal agreement made between a local authority and a landowner and attached to a planning permission to ensure that specific obligations are met by development. Obligations can only be sought if they are needed to make the development acceptable in planning terms. Obligations can prescribe the nature of the development (eg require a specified proportion of affordable housing), compensate for harm caused by a development (eg replacement of felled trees) or mitigate the impact of development (eg funding for additional community facilities).

Self-contained homes

Homes where all the rooms, including the kitchen, bathroom and toilet are behind a door that only one household can use.

Service charges

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

Shared ownership

Housing where occupiers buy a share (generally 25% to 75% of the value of the home) and pay rent on the remainder.

Short term lets

Accommodation let for periods of less than 90 days, as defined by the Greater London Council (General Powers) Act 1973 (as amended).

Small homes

Small homes are defined by paragraph 3.185 of the Camden Local Plan 2017 as studio flats, 1-bedroom and 2-bedroom homes.

Social Rent

Affordable housing that is allocated to households on low incomes in accordance with need. Rent levels are based on formulas in the national Rent Standard guidance issued by the Regular of Social Housing.

Strategic development

For the purposes of this document, strategic developments are those that must be referred to the Mayor prior to decision-making under the provisions of the [Town and Country Planning \(Mayor of London\) Order 2008 \(as amended\)](#). The range of strategic developments covered by the Order is broad, but the strategic developments with most potential to arise in Camden can be summarised as follows:

- provision of more than 150 dwellings
- a new building partly or wholly for non-residential use with a floorspace of more than 15,000 sq m
- a new building more than 30 metres high
- increasing the height of a building by more than 15 metres such that the total height on completion would be more than 30 metres
- loss of more than 200 dwellings (regardless of whether they will re-provided by the development)
- changing the use of more 4 ha of business, industrial or warehousing land
- a new building or a change of use on Metropolitan Open Land involving a floorspace of more than 1,000 sq m.

Student housing

Student housing is subject to the distinct arrangements from other housing under Camden Local Plan Policies H2, H4, H6 and H9 where it:

- is primarily occupied by students and managed by an education institution or independent provider for that purpose;
- is restricted to occupation by students during term-time;
- is generally let to each student for the full duration of all terms in the academic year, and not less than an academic term; and
- provides some common facilities and/ or services.

Studio flat or Studio

A flat where the sleeping area and living area is combined but all the basic needs for everyday life are provided behind a door that only the

occupier (or occupiers) can use, including kitchen facilities, bathroom and toilet.

Viability assessment

A balance sheet for the development which establishes the gross value of the development (gross development value or GDV) taking account of all revenues, and the total cost of development. Viability assessments submitted to the Council should subtract the total development costs from the gross development value to generate a residual land value.