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18th October 2019

Dear Planning Policy,

Response to the Regulation 19 Consultation for Islington's Revised Local Plan (September 2019):-
i) Part A: Islington Local Plan Site Allocations and ;ii) Part B: Islington Local Plan-Strategic and
Development Management Policies-Representations Made On Behalf of London Centric Ltd,
Owner of No1 Prah Road, N4 2RA

We write on behalf of our client London Centric Ltd, the owner of No.1 Prah Road (The Site).

This letter is structured in two parts; **Part A** provides a representation towards Islington's Local Plan Site Allocations Document, while **Part B** relates to Islington's revised Local Plan-Strategic and Development Management Policies.

We request that this letter be read as a joint submission as both parts cross refer where necessary.

Part A:

Representation Toward the Regulation 19 Islington Local Plan Site Allocations (September 2019)

Since the last round of policy consultation London Centric note's a significant shift in the allocation proposals for their Site (Site ID: FP5), some changes they agree with; other alterations less so.

Under Regulation 18, a tabled meeting was requested to understand why you have chosen London Centric's small Site¹ to deliver some of Islington's ambitious wider policy aspirations, but more importantly, to discuss the reasoning behind the uses you wish to adopt. London Centric genuinely wanted to (and still wish) to have a tabled discussion to work collaboratively with Islington to try

¹ Under London Plan standards: below 1ha.

adopt a policy that will try to deliver some of the wider policy aspirations for Islington as whole, but, in a viable way.² The worst case scenario is the development potential of the Site will be strangled with a non-implementable site allocation. This is not helpful for Islington or the developer, which is why we see this revised consultation round as a fresh opportunity to negotiate a way forward.

The remainder of this letter looks to discuss:

1. The positives and negatives of the new proposed allocation details, as well as;
2. Key terms of fact that need to be corrected
3. How and why the new proposed allocation is not deliverable and why
4. New collaborative ways forward we believe would be more viable
5. Next Steps

1. Positives and Negatives of New Proposed Policy Allocation Details

The previous policy consultation rounds looked to deliver a wide variety of uses for the Site, which, London Centric agrees is too vast and ambitious to implement on a small site of just 476m².

Previously, the proposed allocation uses were for the following:

“Mixed use/town centre uses, workspace for SMEs and possible links to nearby college/library.”

Under the revised policy round (Regulation 19), the allocation has been altered to:

“Business floorspace, particularly workspace suitable for SME's.”

Whilst the revised allocation is better streamlined to less varied uses, the proposed land use is not practical to deliver. This is why this revised consultation round, London Centric are keen to share with you detailed evidence as to why.

The client team wish to make clear London Centric are not entirely averse to delivering some business floorpace in going forwards, but, this would only be in the context of a wider land use mix and some flexibility on prospective scheme height.

More will be discussed about London Centric's counter-proposed solution for a deliverable site allocation in the proposed way forward section. Some options do/do not include an element of business floorspace; however, what is important is that you acknowledge what is actually feasible and viable.

2. Key Terms that Need to be Corrected

In relation to the existing use of the Site, there are still some errors which Islington need to address.

The site is not solely bound to one existing use class, which means while we certainly agree there is a sui-generis use class at ground floor level; residential land use occupies the space above. We did provide information on this in the previous two policy consultation rounds. We ask for this to be amended please.

² The NPPF discusses the importance of adopting realistic planning policies that are genuinely implementable: paragraph 16 bullet b, states plans should “*be prepared positively, in a way that is aspirational and deliverable, NPPF, 2019*).

Furthermore, while London Centric is in support of the Site's sui-generis "existing use" class status (at lower storey level), we are displeased with the term "sui-generis main town centre" use. The team consider the use to be a part residential and part sui-generis use class within a residential street, as opposed to a "main town centre" environment. As stated in the previous policy consultation round, London Centric remain stoic in the belief that although the Site is set within the Town Centre boundary, it is actually set in "an area of transition", positioned on the cusp of the Town Centre edge, with residential uses fronting the street either side of the Site; the exception being City & Islington College (CANDI), which occupies a D1 (non-residential institution, non town-centre use) non-active street frontage ("back gate" function – the main access on Blackstock Road).

In support of the above view, and, in the knowledge Islington are in the middle of a wider Local Plan review, London Centric will be offering a separate representation on this matter in part B of this letter, requesting a review of Town Centre boundary, as national policy supports the periodic review of such boundaries if proven such boundaries may stifle the prospect of development in coming forward, and/or do not adequately reflect changing circumstances or, should be altered to better reflect live situations.³ It is not uncommon for such boundaries to have been drawn too crudely in the past, which incorrectly include residential land use environments. Even the "development considerations box" lists the requirement to pay consideration "to the surrounding residential amenity," which concedes the residential environment in the immediate vicinity of the Site (Rock Street properties). Further to this, we note the development considerations box, Islington request the "connectivity and permeability to the town centre" is to be investigated for the Site, this openly acknowledges the Site's physical detachment to the wider Town Centre boundary, this is largely because i) the site is flanked by non "typical" town centre uses such as residential and a non-active D1 use frontage, and ii) due to it being landlocked, the position of the Site offers no opportunity to physically connect the wider Town Centre boundary; it is impossible to enable. The site has a better adjacent connection to the residential area.

Further to the above arguments, when the Town and Country Planning use classes order (1987) and national planning guidance (NPPF) is analysed, a sui generis use is not defined as a main town centre use, it is therefore an "anywhere" use. Town centre uses are by definition, retail, commercial and any other business type uses, which the Site *does not* occupy. We do not understand why it is necessary to list it as such a use for the purposes of the allocation. We ask for it to be corrected to be listed as simply a sui-generis use, much like other sites which have sui-generis uses set within Islington's Town Centre environments (for example, please look at proposed allocation FP6: Cyma Service Station: 201A Seven Sisters Road, this site is listed as having a "sui-generis" use and not a "sui-generis main town centre" use, even though it is also located in Finsbury Park's "Town Centre" area).

³ Paragraph 85 (d) in the NPPF (2019) discusses "*the importance of allocating a range of suitable sites in Town Centres to meet the scale and type of development likely to be needed*" - "suitability" being the key term of phrase in the interpretation of this paragraph, as in our client's case we believe it not suitable for the proposed use it is being proposed for. The paragraph goes on to say in: "*Meeting anticipated needs for retail, leisure, office and other main town centre uses over this period should not be compromised by limited site availability, so town centre boundaries should be kept under review where necessary.*"

3. How the new proposed allocation is not deliverable and why

The way we have chosen to illustrate how a purely business use class allocation, which is particularly suitable to SME's, is not viable to deliver for a small site of circa 476M2 Site is five-fold:

- i) Viability Testing: we have performed two viability assessments *a)* one for a 100% commercial scheme and *b)* one for a commercial led residential scheme, showing how both are economically unviable to deliver.
- ii) Market Supply Test: we have researched market supply patterns (i.e. schemes coming forward) for 100% commercial or commercial led schemes Islington as a whole to help us understand the conditions under which both types of scheme come forward in Islington.
- iii) Market Demand Test: we have found out about the market buoyancy for commercial and SME type spaces around Finsbury Park (take up rates, rental levels and vacancy rates);
- iv) Review key conclusions listed in the Council's evidence bases which supports the notion that B1/SME uses are not as in deficit for the Borough, which means there is not such a pressing need to supply it for London Centric's Site (Islington Employment Land Study, 2016; Review of B-Use Premises and Permitted Development Rights, 2016; Islington's Annual Monitoring Report for the period 2016-2018, dated 2018 as well as well as other supplementary council information).
- v) Site Allocation Analysis: proof of similar sized sites with similar proposed allocations for 100% commercial schemes and/or mixed commercial use allocations showing signs of non viability, with their landowners keen to work with Islington to try to find a more viable land allocation solution.

Two Viability Assessments:

The Methodology, Schemes and Key Assumptions

In relation to both viability assessments the schemes have been drafted taking account of key height, scale and massing information gleamed from two pre-application processes for the Site.⁴ In the previous pre-application rounds, it was stated that a basement, ground and three storey development would be acceptable, with the possibility of a fifth storey set back in certain situations.⁵ The team therefore have devised a scheme which takes account of this feedback and is therefore as true to what could be allowed for the Site. In terms of other key assumptions, they are listed under the respective scheme details below.

Appendix 1, provides existing baseline plans of the Site.

The Commercial Scheme

Detailed pre-application drawings have been amended to represent a commercial scheme. Below are the floor areas of the proposed scheme:

⁴ One in 2016 and one in 2018.

⁵ Discussed at a pre-application meeting.

Floor	NIA	GIA	Use
B	151	336	B1
G	202	320	B1
1	242	285	B1
2	181	235	B1
3	189	235	B1
4	168	209	B1
Total	1133	1620	

The assumptions are:

- The NIA discounts for lobby/storage, plant and core (lifts/staircases); but not for all non-lettable floorspace (kitchens, toilets do come under the lettable floorspace).

The Results

The outputs provided by Gerald Eve Property Consultants demonstrate that the 100% Commercial Scheme is not viable demonstrating: a negative Net Present Value, no interest payback, a minimal Internal Rate of Return (IRR), no breakeven point, and no development profit.

Full appraisal details are found in **Appendix 2.**

The Residential and Commercial Scheme

We asked our architect to consider an exact policy bidding scenario of a basement and ground commercial scheme with a 50% affordable housing scenario, with a 70:30 split offer for affordable housing (Social Rent: Intermediate). We also asked them to accord with the Council's housing mix as much as possible as quoted in Table 3.1 of Islington's adopted Development Management Document, 2013 (see below).

Table 3.1 Housing size mix required for each housing tenure

Tenure	1-bed	2-bed	3-bed	4-bed or more	Total
Market	10%	75%	15%	0%	100%
Intermediate	65%	35%	0%	0%	100%
Social Rented	0%	20%	30%	50%	100%

In terms of the final drafted scheme, we ended up being partially compliant. We offer 11 units, with a basement, ground and 4 storey scheme, providing almost 50% affordable housing but, we offer a "private: intermediate" mix, due to the development being only able to provide one core in the building. It is usual practice for social rent units to incorporate a separate core for management purposes. The dilemma for the team was, we could try to allow for social rent units as well, but we lose even more space to allow for more cores (and, the scheme already lose a lot of the floorplate due to the offer of commercial space). The reality is that mix private and social rented scheme with one core would not be attractive for developers and reduce the values of the private apartments.

The following floor areas relative to the proposed scheme uses were used in the viability appraisal:

Floor	NIA	GIA	Use
B	151	336	B1
G	202	320	B1
B1 Total	353	656	
1	242	285	C3
2	181	235	C3
3	189	235	C3
4	168	209	C3
C3 Total	780	964	
Total	1133	1620	

GIA to NIA Explanation: Other Building Features			
FLOOR	Area	USE	
B	185	Storage/ Plant/Core	
G	118	Lobby /Circ/Bins/Core	
1	43	Core and Circulation	
2	54	Core and Circulation	
3	46	Core and Circulation	
4	41	Core and Circulation	

Assumptions/valuation notes:-

- The residential offer does not include a proposed wheelchair accessible units (which is often requested at 10%).

The housing mix and schedule of accommodation that is tested is also as follows:

	Private Units	%	Policy DM3.1 Target %	Affordable (Intermediate Tenure)	%	Policy DM3.1 Target %
Studio	0	0	0	0	0	0
One Bed	1	16.7	10	3	60	65
Two Bed	4	66.7	75	2	40	35
Three Bed	1	16.7	15	0	0	0
4 Bed +	0	0.0	0	0	0	0
Total	6	100	100	5	100	100

The schedule of accommodation is listed below:

Unit	Use Class	Type	Intermediate	Private Tenure	Area *NIA	Amenity Space Area	Habitable Rooms	Floor
1	B1			1	151	57	0	B
2	B1				202	29	0	G
3	C3	3B/5P		1	101	45	4	1
4	C3	2B/4P	1		72	10	3	1
5	C3	2B/3P	1		69	9	3	1
6	C3	2B/4P		1	72	10	3	2
7	C3	1B/2P	1		53	8	2	2
8		1B/2P	1		56	8	2	2
9	C3	2B/4P		1	72	10	3	3
10	C3	1B/2P	1		53	10	2	3
11	C3	1b/2p		1	64	9	2	3
12	C3	2/B4P		1	72	10	3	4
13	C3	2B/4P		1	96	34	3	4
Total B1				1	353	86		
Total C3			5	6	612	119	30	
Total Scheme					965	205		

The Results

The outputs provided by Gerald Eve Property Consultants illustrate that a part residential and commercial mixed tenure scheme is not viable: demonstrating a negative Net Present Value, no interest payback, or development profit.

Full appraisal details are listed in **Appendix 2.**

Both viability testing scenarios illustrate the prospective land use potential of the Site (going forward) in tandem with a taller scheme height could play a vital role. The assessments illustrate first-hand how a commercial led schemes; either via a 100% commercial based scenario (for SME purposes); or, as part of a wider residential land use mix (part commercial: part residential scheme), is unworkable due to restricted height, bulk and massing issues imposed by pre-application discussions⁶ and by its relatively small site area.⁷ As such the London Centric are therefore more wilful in proposing alternative land use mixes and scenarios for the allocation. These will be reviewed in the ensuing relevant section.

⁶ Basement, ground and three/four storeys.

⁷ 476m2

Market Information

The client team employed Gerald Eve to analyse permitted and submitted planning applications as a proxy to analyse what patterns of supply and demand exist for commercial related schemes in Islington. The full research findings are listed in **Appendix 3**.

The key conclusions drawn are:

- i) Supply for 100% Commercial and Commercial Related (Residential) Mixed Use in Islington:
 - Smaller schemes delivering 100% commercial and/or; “commercial: residential” mixed use formats tend to be focused in the south of the Borough (within the Central Activities Zone);
 - The latter situation is explained by the distinct land use economics which makes it more profitable and viable to bring these types of mixed use developments forward due to commercial space being let at a much higher premium.
 - Of any SME type developments coming forward, these are provided on larger schemes with much larger site areas, where lower rental values associated with SME spaces are supported by more profitable land uses such as housing and/or hotel type uses (i.e. 5000sqm of affordable workspace is being delivered under the Andover Estate permission application reference: P2017/2065/FUL and, with affordable office space issued in the case of the City North Project-over 2000sqm of B1 space being delivered for B1 uses).
 - Where schemes with a similar site area to 1 Prah Road have been consented, the schemes are more likely to be for sole residential use.
 - Of other types of development coming forward in the Borough for sites of a similar site area to 1 Prah Road (this is from willing applications coming forward, not via forced allocation circumstances), there is a trend towards hostel (HMO, Sui Generis use), extra care living or hotel type accommodation (which generally come under a C1/C2/C3 or a Sui Generis land use classes).
- i) Demand for Commercial Related Schemes in/around Finsbury Park:

To test the appetite for commercial development in and around Finsbury Park, take up and vacancy rates were reviewed. The following findings were concluded:-

- Market demand for small-scale commercial uses in the Finsbury Park area appears to be low with vacancy rates of between 6-18months being recorded for unit sizes 50-200m². The latter floorspace areas are akin to the prospective commercial floorplate achievable for 1 Prah Road.
- We have been advised from local commercial agents that no developer would willingly commit to building out an application for B1 use without an anchor tenant ready, and what is risky is, in the context of SME occupiers, that such occupiers are volatile, never pay high yielding rents p/sqft and often do not plan for further than 1 year.

This means the only way any SME would get access to affordable space in or around Finsbury Park in the short-to-medium to longer term will be via renting run down, dilapidated spaces, as the cost to bring forward sites for purely SME development are not profitable enough to implement, or; high

specification SME units are more easily delivered in the context of larger projects (not for small sites such as 1 Prah Road), which can counter balance the risk of low rent yielding, less secure/buoyant uses related to SME development in line with more profitable uses to be permitted or allowed.

Islington's Evidence Base for SME/Commercial Development –A Review of Islington's Employment Land Review & Annual Monitoring Reports as Well as Other Supplementary Council Information

Having analysed Islington's Employment Land Study, 2016; Islington's Review of B-Use Premises and Permitted Development Rights, 2016; Islington's Annual Monitoring Report for the period 2016-2018, dated 2018; as well as Islington's emerging planning policy for affordable workspace (Policy B4, of the Strategic and Development Management Policies, 2019) we believe the following conclusions to be relevant:

- While the steady net loss of business floorspace cannot be denied (to residential uses) since the implementation of permitted development rights (PDR) in 2013, this loss (its rate and quantum) has been offset with the article 4 protection policies which prevent office to residential permitted development from occurring south of the Borough.
- Business class uses continue to expand and flourish south of the Borough and undoubtedly will play a major role in the future expansion and delivery of commercial floorspace for Islington's future.
- We must not forget it was/is national government's intension to enable office to residential schemes to assist in the supply the national supply of housing. The loss of some commercial floorspace to residential uses is therefore supported in principle and a net loss (even if small losses) are to be anticipated and expected.
- There are already high yielding B1 commercial yielding developments that have been permitted and built as part of larger schemes, less than a mile of the Site, which offer large quantum of commercial and SME space in the vicinity of the Site (City North, >2,000 sqm and Andover scheme, 5,159sqm affordable work space)
- While shifting patterns of working were noted in the Council's evidence bases, with aspirations to encourage variable sized work units for flexible working modes, Islington does not have any market demand data to specifically support there is demand in Islington as a whole or Finsbury Park as Town Centre. It seems the premise for SME space rides on the need to plan for some future growth (even though it may be argued Islington strategically direct commercial development to priority business areas, set away from town centres), to help "slow down" the rate of office to residential permissions and, allow for some planned future growth and on the basis of "changed" working patterns as a whole.
- No official evidence is listed in the Employment Land review data which supports the fact that Finsbury Park is capable of being a "second" CAZ, which would thrive on an affordable rental market. Indeed, the CAZ works because it thrives on the basis of high land rentals.

In terms of the additional lessons that may be learned from Islington's adopted/emerging planning policy and annual monitoring updates for commercial land provision, we feel the following is significant:

- Islington clearly understand the logic of encouraging SME space to be brought forward on larger scheme formats, as it looks to implement a new policy trigger threshold under draft

Policy B4: “Affordable Workspace”; where under Part C of the policy, it requests there to be a 10% target for all schemes involving 10,000sqm of B1 office, 10% to provide affordable SMEs space. This makes more sense, as larger development projects have the capacity to offset lower yielding rental spaces (SME spaces) with higher yielding uses (residential or hotel type uses).

- There is a simultaneous new policy (under Part D of Policy B4) asking for 10% affordable workspace to be dedicated for all new gross commercial developments providing 1,000 sqm or on town centre sites as well as other key areas (notably the CAZ, Bunhill and Clerkenwell AAP areas, the Spatial Strategy Areas of Kings Cross and Angel and PELs); however, this is because town centre areas such as Finsbury Park are not as buoyant as the other listed areas which are more established and have more lucrative and higher rent yielding environments. Any application of an affordable workspace policy needs to take account of scheme liability and commercial demand context.
- Moreover both existing and emerging policy which focuses on delivering new business floorspace does not strategically include Finsbury Park or any of Islington’s town centres (draft Policy B1: Delivering Business Floorspace), rather, the focus of expansion is to be intensified and directed to the CAZ, Bunhill and Clerkenwell AAP areas, CAZ fringe Spatial Strategy Areas of Angel and Upper Street and Kings Cross and Pentonville Road, PELs and Locally Significant Industrial Sites.
- In particular we wish to draw attention to the Employment Space AMR headline box which confirms Islington is not in huge deficit from B1 office as one would think (in the last three years), which does not justify pushing small site owners to accept forced allocations for unviable SME type uses see Box 1 below. On the contrary we see the reality for the last three years (2016-2018) is as follows: i) *“there were net increases in business floorspace in Employment Priority Areas”,* and, ii) *“at the time of writing (2018) there were 148 extant permissions involving B1(a) floorspace (gains and losses). If all of these are built out as permitted, there would be a borough-wide net increase in B1(a) floorspace of 138,163sqm.”*

This all means that commercial business expansion, which is largely absorbed by strategically chosen non-town centre areas is clearly enough to deliver what the borough needs without the full reliance on ad hoc town centre business expansion.

Box 1:

Employment Space Annual Monitoring Report Headlines for Period 2016-2018

Annual Monitoring Report 2018 Covering the monitoring periods 2015/16, 2016/17 and 2017/18
In all three reporting years, there were net decreases in the overall quantum of B-use floorspace, reflecting the increased impact of the office to residential Permitted Development right.

In Employment Priority Areas (general), there were net increases in the overall quantum of business floorspace in the 2015/16 and 2016/17 financial years, of 1,693sqm and 2,285sqm respectively.

There were net decreases in the overall quantum of business floorspace in Employment Growth Areas and Town Centres across all three reporting years.

In terms of B1(a) office floorspace, there were net losses across all three reporting years. Losses totalled 12,352sqm in 2015/16, peaking at 29,423sqm in 2016/17 and dropping to 1,787sqm in 2017/18.

Within the B1(c), B2 and B8 use classes, there were net losses across all three reporting years and within each use classes, except for B8 in the 2016/17 financial year, where there was a net increase of 768sqm.

Since 2013, 68 prior approval schemes have been completed, resulting in a loss of 33,721sqm of office floorspace.

At the time of time of writing there were 148 extant permissions involving B1(a) floorspace (gains and losses). If all of these are built out as permitted, there would be a borough-wide net increase in B1(a) floorspace of 138,163sqm.

Land Use Allocation Analysis (Small Finsbury Park Sites)

Box 2 below notes all sites of a similar size to 1 Prah Road (476m²) which are located in and around Finsbury Park which have been similarly allocated for 100% commercial or business use schemes (SME uses included), or part office SME schemes with another commercial use attached.

Box 2

Site Allocation Proposals

Site ID	Site Address/Name	Site Area (sqm)	Proposed Uses	Rolled over from 2013 Allocation Process (Y/N)	Application	How Identified?
FP4	129-131 & 133 Fonthill Road & 13 Goodwin Street	601	Retail Led Mixed Use (Retail at Ground and Office Above for SMEs)	Yes	Extant permission for basement and five storey development for 92 bed hotel and wider uses (permitted in 2010 ref: P090839, permission extended in 2014, ref: P2013/1931/FUL)	2013 Allocation rolled over.
FP5	Conservative Club, 1 Prah Road	476	Business Floorspace for SMEs	No	Various pre-application discussions about viable land uses including residential and	Town Centre Manager

					wider mixed use development	
FP6	Cyma Service Station, 201A Seven Sisters Road	375	Office Floorspace Only	Yes	n/a	2013 Allocation rolled over.
FP15	216-220 Seven Sisters Road	499	Retail at Ground and Office Above	No	n/a	Town Centre Manager

Analysis:

- All the above smaller site areas (located in the Finsbury Park area) have been allocated for 100% commercial office (SME) or commercial related mixed use only, all of which have been foisted upon them by Islington's planning policy department (not willingly come forward).
- Two of the sites have been rolled forward from the 2013 Allocation Document without planning permissions attached for the desired uses Islington want (notably Site IDs FP4: 129-131 Fonthill Road & Goodwin Street and FP6: Cyma Service Station, 201A Seven Sisters Road); while the other two sites have not been put forward by the landowners themselves (one site being 1 Prah Road, and the other; FP15: 216-220 Seven Sisters Road).
 - a) For the rolled over town centre/commercial land use allocations put forward; the proposed uses are likely to be unviable for their site areas and locations, otherwise applications would have come forward by now. Of the last known applications to exist for both these sites, they include a hotel as well as residential led development⁸, both such uses not now permissible under their emerging land use allocations (as Islington now only want sole commercial or retail led-commercial schemes).
 - b) Of the two newly emerging small sites (FP15 and London Centric's site FP16), since they have no planning applications for the desired uses attached to them (unlike other similarly allocated larger sites), that no such demand for these uses exist for either site of their smaller scale floorplate within or around the Finsbury Park area.
 - c) Conversations were held with all the landowners of the above site ID references in early to mid October 2019, all asserting that the proposed land uses are not viable to deliver, that any SME type scheme would need to be combined with another land use such as a

⁸ For Site ID FP4: 129-131 Fonthill Road & Goodwin St, the last known permission was for a 92 room hotel with some small commercial use (Ref: 1931/FUL; 2014); For Site ID 6: Cyma Service Station, 201a Seven Sisters Road, the last known permission was for a residential led scheme with a small amount of commercial (Ref: P061775; 2006).

residential and/or hotel use (preferably residential, hotel with some relaxation on future scheme height).

- Dawnelia Property Group (owners of site ID FP4)⁹
- Folgate Properties (owners of site ID FP6)¹⁰
- The Incorporated Trustees of the Universal Kingdom of God (owners of site ID FP15).¹¹

It is only when we analyse larger footprint site areas (sites in excess of the floorplates listed for the site ID references above) that there is evidence of a better capacity to deliver SME schemes in a wider mix of uses which allow for residential and hotel uses and larger floorplate quantum, this is on the basis of planning permissions being more readily submitted and granted. Here, policy “compliant” submissions act as proxy for deliverability and viability, with willing owners inserting affordable workspace in such developments (i.e. City North scheme and Andover Estate).

Overall, this therefore means that:

- While purely commercial schemes may be easily delivered on larger footprint sites, this remains an unfeasible aspiration for small sites of between 399-601sqm.
- That residential and/or hotel or other non conventional housing land uses (i.e.HMO) are better suited to smaller footprint sites within Finsbury Park’s local area, especially when we take account of historic or pipeline applications for rolled forward “small” allocation sites.

Moreover a review of this evidence also illustrates unrealistic and unviable planning allocation policy, which is contrary to national planning guidance (NPPF, 2019).

4. New collaborative ways forward we believe would be more viable

As we have now indicated, a purely commercial or commercial led “SME: residential” schemes are not viable for small sites of circa 476m2 around Finsbury Park, so we now wish to put forward the uses we know will work. One scenario accounts for some SME space, while the other does not.

We propose the following as ways forward:

- a) Residential only land use, or;
- b) A commercial SME space may be deliverable, but only in the context of a HMO/Build to Rent or hotel type scheme.

The team know these schemes are deliverable.

In terms of planning policy support we offer the following for each:-

⁹ The only way they can implement any commercial is via a hotel scheme for the site. It has an extant permission for a 92 bed hotel with some commercial use (Ref: 1931/FUL; 2014). It is not viable to bring forward the site as proposed by Islington.

¹⁰ They have had various pre-application discussions, looked into both residential and hotel schemes, as part of a mixed use solution for their site (various discussions with the Council). They felt both use and scheme height act as enabling development grounds in order to make the development work economically.

¹¹ They would be happy to offer some office/commercial, but feel the only viable way to implement this is with a wider mix of uses such as housing which would act as an enabling development tool to deliver any commercial use on site (will help pay for build costs as they are a charity). A wider land use mix is desired, they have tried to talk to Islington and not with much success.

Residential Only Scheme (Conventional Housing)

- The Site has Small Site Status, and therefore is supported as a housing site capable of delivering up to 25 units, as evidenced by national (NPPF, 2019) and emerging regional planning guidance (Policy H2, Draft London Plan, 2017).
- Town Centres are identified as opportune sites for housing where town centre uses are not deemed suitable for town centre sites (Paragraph 85, e and f the NPPF, 2019).
- Conventional housing development helps to reverse the decline of small to medium sized housing developers more likely to carry forward housing development on small sites; and also help to reduce the dependence of housing delivery on small builders (The Housing White Paper, 2018; The Mayors Housing Strategy, 2017; Policy H2 of Draft London Plan 2017).
- Support is given to housing development on Town Centre Sites in the context of mixed use development at first instance, however, assuming this is not possible, then surely the primary enabling development use as a sole use, should be considered acceptable (in this case is Housing).
- Priority is given to self contained housing in the Finsbury Park Area and therefore supported by adopted local policy guidance (Policy C2 of Islington's Core Strategy).
- A sole use scheme will help to meet exceed the Council's Housing targets as supported in both existing and emerging policy¹², the Adopted London Plan (2016), The Emerging London Plan (2017) and Islington's Adopted Core Strategy (2011).

Non Conventional Housing (Large-scale HMO or Purpose Built Private Sector Rent Scheme)

- Non-conventional or shared housing accommodation satisfies the needs of specific groups often overlooked such as "sofa surfers" and/or, single people, business travellers or new comers to London, looking for more flexible leaseholds, with affordable, "smaller space" needs (statistics issued in the Mayors London Housing Strategy, 2018). This therefore means HMOs and or co-living schemes, may help to abate the overcrowding problem by providing accommodation fit for purpose (those with this single ownership need), which frees up large self contained accommodation for more appropriate occupants (i.e. to allow families to take up these spaces).
- In the context of widening context of housing choice (Policy 3.8 of the adopted London Plan, 2016) non-conventional housing ensures the sufficient variety of homes coming forward (Paragraph 59 of the NPPF, 2019), which, national guidance stipulates that a broad range of housing requirements of all groups need to be addressed with permission to be developed without necessary delay. The size, type and tenure of housing needed for different groups should not be limited to any type of person; and is to include families, young or old people (Paragraph 61 of NPPF, 2018). This therefore takes account of the changing needs of a diverse population, throughout an individual's lifetime/life-cycle.
- The Adopted London Plan even goes as far as to say that the private rented sector has capacity to not only contribute to the achievement of housing targets, but that the planning

¹² Existing: 12,641 units over 2015-2025 (which equates to an annualised target of 1,264 units per annum).
Emerging: 7,750 units up to 2028/2029 (which equates to an annualised target of 775 per annum).

system needs to take a more proactive approach to enable the sector to achieve this (Paragraph 3.54 of the Adopted London Plan, 2016).

- The Mayor's London Housing Strategy (2018) openly supports purpose built, private rented homes in coming forward especially in new Draft London Plan guidance on top of other key measures. Moreover, Islington need to appreciate that build to rent residential accommodation has the capacity to be genuinely affordable, or offer London Living Rent levels, all of which need to be openly explored, and is openly supported by the Mayor of London (Policy 3.3, Part A of the Mayors London Housing Strategy, 2018).
- Private sector rental accommodation is identified as growing and the fastest deliverer of housing, which, when considered in the context of the exploration of London Living Rents, below market rents for rooms can help contribute to a private sector affordable housing product.
- The emerging London Plan policy (Policy H18, 2017) stipulates support for HMO/Co-living schemes for which there is an identified market need; this is something we have evidence of.
- London Centric are keen to offer cluster-flat HMO accommodation, which looks to provide high quality, HMO accommodation within a self-contained housing format. The team would be happy to discuss this in further detail.
- It cannot be ignored that currently adopted Town Centre guidance (Policy DM4.4 of the Council's Development Management Policies, 2013) stipulates (assuming proof that aforementioned wide mix of town centre is deemed unviable), that a Sui Generis use in excess of 80sqm has as much weight as an A class (retail) or D2 class (community use) to be placed and prioritised within Town Centre environments at the first (and only) instance. This is highly significant in the context of larger HMO provision, which has a Sui Generis use class.
- Whilst there could be an issue with the loss of the single residential unit on site, in favour of cluster flat HMO type housing; the team would hope that there would be a weighing of the balance is made, in that the proposal will be looking to satisfy wider policy targets relevant to Islington.
- The Council's employment evidence base, openly discusses changes in work patterns to which flexible work space and co-working formats will be supported by the Borough (Islington Employment Study, 2016). This is something the team would be keen to explore in the context of a wider mixed use scheme (either in a co-living format or a hotel type use).
- It is vital to note that B1 uses are not in dire deficit for the Borough, even in the light of office to residential permitted development rights having been implemented. The Annual Monitoring Report for the last three years (2016-2018), identifies "net gains" in business floorspace in Employment Priority Areas (see **Box 1** earlier in the report), and concludes that when pipeline permissions are taken into account (should they be built) there has been an overall net increase of 138, 163 sqm of B1a floorspace over the last three years. This means a lower density employment yielding proposal for the Site (in the context of an adjoining viable use argument) is not unreasonable.
- There are nearby permissions in the Finsbury Park area with huge quantum of commercial and SME type development coming forward (City North has circa 2,172 sqm and Andover, offers circa 5,100 sqm affordable workspace). This also illustrates that a scaled back SME type development for the Site should be encouraged.

Inappropriately Proposed Allocation-A Key Concern

In relation to the proposed land use allocation this letter highlights the importance of plan making being adequately justified, evidenced and tested (NPPF, 2019). The main concern is an inappropriate land use allocation will render the Site undeveloped and un-optimised for a further development plan period, which is not in line in with national, regional or local government objectives to make the best use of brownfield land in London. The issue of rolled over, non-deliverable town centre use allocations for small sites akin to the size of 1 Prah Road (of under 601sqm) is highlighted (Site ID's FP4 and FP6), which means their emerging allocation uses, much like ours, should be reconsidered, especially when we note that their last application history was for residential or hotel type developments, which illustrates better market demand for such uses, with similar plot sizes to London Centric's site in the Finsbury Park area. Moreover, Islington seriously needs to consider that stalled or non deliverable/feasible land use allocations, it will prevent Sites from generating more genuinely feasibly and policy supported uses for conventional or a wider mixed use non-conventional accommodation (i.e. co-living/co-working).

In the context of finding a viable land allocation for the future, it has been noted further in depth discussion is required between both land owner and the Council, this will go some way to build confidence that Islington are listening to national and regional policy guidance which looks to a) proactively better support small to medium sized development in coming forward b) prevent the discouragement of small to medium housing development in being delivered; and will c) show that Islington are willing to reduce the over dependency of housing delivery from volume house builders in the UK (the Mayors London Housing Strategy, 2018).

Moreover, national, regional and local policy guidance supports the principle of a purely residential development for the site, as while the Site may be situated within a Town Centre Key area , so long as it is proven that: i) the wide mix of proposed uses would render the Site unviable, and, if ii) housing development acts as an enabling development tool (whether this be conventional and non conventional housing), there is planning policy support for housing; especially when we have proof that the Site sits within residential environment and it holds Mayoral "Small Site" status, which prioritises housing delivery on such sites (sites of under 1ha or less). There is also clear government guidance that supports residential only development in appropriate Town Centre sites (Para 85 f, NPPF, 2018), as well as regional policy to support residential development in the context of mixed use schemes, however, please note, if viability does not make the "mixed use" element achievable, then the enabling development use would have to be the use that predominates (in this case it would be housing, whether in a conventional or in a non-conventional form, such as HMO type development).

It cannot be ignored that in the knowledge that the Site does not sit within the CAZ, does not have a pre-existing commercial use (either at A-B use classes), that adopted Local Plan policy supports the loss of a *proven* private club and residential unit above because no commercial retention policies apply; and, moreover, there is specific policy to support the

placement of larger scale HMO's (Sui Generis uses) in Town Centre areas.¹³ HMO's and build to rent products do help to abate the housing crisis in various ways as stated earlier in this letter¹⁴, with purpose built accommodation now being recognised in the Draft London Plan (2017) for its part in helping to deliver housing targets, especially where emerging policy tests are adequately satisfied (Paragraph 3.55 of the Adopted London Plan, 2016; Policy DM3.9 of Islington's Development Management Policies, 2013 and Emerging Policies H18 of the Draft London Plan). We note that Islington's emerging HMO, purpose built private rented sector policies (as listed in Policies H10 and H11 of the Emerging Local Plan, 2019), have yet to go to look beyond the role that non-conventional, private housing development may play in its role in tackling the housing problem, in ways that national and regional planning guidance better acknowledges and understands. In this vein, Islington need to be more open to the role non-conventional housing plays in widening housing choice, meeting a specific need (for people not needing conventional forms of housing accommodation), freeing up conventional housing for families (people can vacate housing for smaller space housing options), being seen as fulfilling housing targets and for being a truly affordable housing solution in the context of either a London Living rent or other lower market rent product (as communicated in the Adopted London Plan, Paragraph 3.54, 2016, Policy 3.3 of The London Housing Strategy, 2018 and Policy H18 in the Draft London Plan, 2017).

Finally, in the light of finding an appropriately evidenced land use allocation, planning policy need to be aware that this site was put forward by the Town Centre Manager, where as the majority of other Town Centre led, mixed use development sites identified in the Site Allocations Document (for the Finsbury Park area especially) have not. In fact many of these wider sites differ as they have their own existing and/or extant permissions related to their proposed allocated uses. This signifies that a willing developer existed or exists, with proven scheme viability; and, of these sites, many of them embody much larger footprints than No. 1 Prah Road, which make them more capable of meeting a wider set of policy objectives (due to the economies of scale). Moreover, Islington need to acknowledge that the vast majority of these sites listed in the prevailing draft Allocations Document have also been put forward by the owners themselves under earlier Strategic Housing or Economic Land Availability Assessments (i.e. FP13), or agreed pre-application discussions (i.e. FP9, FP10, FP11, FP12 and FP14), which means the owners are fully accepting that any Town Centre use of Town Centre led Mixed Use development is finically viable and fully achievable. This is not the case for 1 Prah Road.

5. Next Steps

We trust you have sufficient information to review **Part A** of the representation, which deals with the Site Allocations Document.

¹³ Policies DM4.4 and DM3.9 as found in Islington's Adopted Development Management DPD (2013).

¹⁴ By widening housing choice, meeting a specific need (for those not needing conventional forms of housing accommodation), freeing up conventional housing for families (people can vacate conventional housing for smaller space housing options), being seen as fulfilling housing targets and for being a truly affordable housing option in the context of either a proportioned London Living rent or other lower market rent standard.

We wish to re-iterate that London Centric remains open to discussion to explore fully to how a part commercial and part co-living scheme could work, especially in the context of “cluster flats”, and, under the premise of looking to replace any exiting sui-generis floorplate with a commercial type SME type use (co-working type format or otherwise), as this is the only format it will feasibly work for the Site.

Unfortunately, the only other option available for SME expansion for Finsbury Park area is via the rental of poor, sub standard, dilapidated accommodation not fit for modern standards, or, it is otherwise delivered in the context of much larger development sites which have the capacity to off-set such lower rental standards within the context of more profitable land uses coming forward.

The other proposed way forward for the Site is a 100% housing development for a site we deem not to be typically town centre but, within an area of transition, located on a residential street.

The biggest concern is the adoption of an undeliverable/unviable planning policy, which strangles the prospect of development of small sites in Islington. We urge you to listen to our evidence base in order to work with us for the future.

The final concluding part for Part A is found at the latter part of this letter (sign off).

Part B

Representation for the Regulation 19 Draft: Islington Local Plan-Strategic and Development Management Policies (September, 2019)

In relation to these representations we request that the following facts are taken into account:-

- My client is a Small to Medium sized Developer, of which national government supports their growth in number and an end of their relative decline.
- National government are keen to tackle barriers in Small to Medium sized Developer growth in order to end the over dependence of major house builders in the quest for housing delivery (The Housing White Paper, 2017 and the Mayor’s Housing Strategy, 2018).
- That London Centric’s Site, 1 Prah Road is Brownfield site with a default presumption in favour housing development.
- It occupies Mayoral “small site” status, which, being both brownfield and occupying less than 1ha (0.047ha) is openly supported for housing development (capable of delivering within the threshold of 1-25 units)¹⁵
- The site, despite lying in the Finsbury Park Town Centre Key area, actually resides in a residential area with “housing” street frontages (we consider it to be a site “in transition”).
- Has existing local building heights ranging from 15-28 metres, all of which have been used to inform the design solution for the Site thus far.
- Have undergone various pre-application discussions with the Islington Council since 2016 to find a housing solution for the site (in the context of it losing a sui-generis and residential use status).¹⁶
- That currently adopted Local Plan guidance allows for large scale¹⁷ HMO/Sui Generis uses to be exclusively placed in Town Centre environments (Development Management Policy DM4.4, 2013).

¹⁵ Supported by national and regional guidance: NPPF (2018) and Draft London Plan (2017).

¹⁶ Have evidence to prove its sui-generis use.

- In the context of sites not being in the CAZ and there being no pre-existing commercial space on a Site, no pressure be placed on landowners to provide business use for such sites.
- The principle of sole residential development in Town Centre sites is supported (in the context of self contained or non self-contained developments), if proven it is unviable to deliver town centre uses at ground floor level (also supported by Paragraph 85 f, NPPF, 2018).
- That B1 uses are actually in dire deficit, even in the light of office to residential permitted development rights having been implemented in the borough since 2013 (Annual Monitoring Report, 2018).
- The AMR identifies “net gains” in business floorspace in Employment Priority Areas in the last three years (see Box 1, earlier in the report), and, when pipeline permissions are taken into account (should they be built) Islington show evidence of overall net increase of 138, 163 sqm of B1a floorspace over the last three years.
- That my client is at threat of accepting a 100% commercial SME land use allocation, which is not viable to deliver in Finsbury Park, with a floorplate of just 476sqm; SME development is best delivered on sites with larger floorspace footprints, and where such lower yielding rental uses as these may be offset with higher yielding rental values from other more profitable uses.
- The inappropriate allocation of my client’s Site will delay/halt the site from coming forward.

Local Plan Consultation Response

London Centric’s response looks to provide views on the following:

- Draft Policy SP6: Finsbury Park
- Draft Policy H1: Thriving Communities
- Draft Policy H2: New and Existing Conventional Housing
- Draft Policy H3: Genuinely Affordable Housing
- Draft Policy H7: Meeting Needs of Vulnerable Older People
- Draft Policy H10: Houses in Multiple Occupation (HMO’s)
- Draft Policy H11: Purpose Built Private Rented Sector Development
- Draft Policy SC1: Social and Community Infrastructure
- Draft Policy B1: Delivering Business Floorspace
- Draft Policy B2: New Business Floorspace
- Draft Policy B4: Affordable Workspace
- Draft Policy R3: Islington’s Town Centres

Draft Policy SP6: Finsbury Park

London Centric supports the role town centre uses have on stimulating the activity and vitality of town centres, however, they consider the policy wording to be too restrictive by solely requesting commercial, retail and services be only focussed on ground floor formats (Part B), with residential only to be supported on upper floor levels (Part E), with factoring the need for ancillary commercial uses. London Centric would prefer to see better acknowledgment that such fixed land use formats, whilst they may be preferred, should be applied flexibly to take account site characteristics and scheme viability. This means development proposals need not only be considered in the light of a site by site basis, but also on a case by case basis, where scheme deliverability should remain at the forefront of what is accepted.

¹⁷ Over 80m2.

This view of having an evidence base to support the appropriate adoption of planning policy is supported by national planning guidance (Paragraph 35 b of NPPF, 2017), which states that planning policy needs to be achievable and appropriately evidenced. This means if applicants can prove that a preferred Council format is not achievable, that wider land uses should be allowed, taking into account the wider adopted Local Plan objectives, which could allow for the principle of conventional or a non-conventional housing development (like in my client's case).

London Centric disagrees with Part D which states that Finsbury Park has potential to develop as a CAZ satellite location. Finsbury Park is not the CAZ nor should be deemed as such, and, whilst business space expansion is a desired requirement for the Finsbury Park area, if there is no pre-existing use (to protect or retain), and, if it can be proven there is little or no market demand for such a use; and/or, that by implementing such a use on a small scheme would render the project unviable, that this policy be treated flexibly as an "aspiration".

Furthermore in support of the view above, no formal evidence exists to support the theory that Finsbury Park has capacity to develop as a second CAZ; the evidence base to support it is weak. The findings upon which it is based (as listed in Islington's employment land data, 2016), is to slow down office to residential permitted development (change of use) rates, to help allow for future planned growth, as well as the fact the area is highly accessible. In reality, Finsbury Park is not specifically prioritised a future hub in any of the formal literature (rather it is the south of the borough as well as other "priority" business areas), which means a more de-facto approach is to be taken in relation to any SME town centre expansion. While Islington may want Finsbury Park to act as an affordable workspace hub, affordable business space expansion does not yield a viable expansion plan this is because the CAZ proves this as its own success is based on high yielding office rents. Moreover, we understand that B1 office floorspace is not in deficit, as while there has been some contraction of B1 office space in the last three years due to the deregulation and the relaxation of office to residential permitted development, there has actually been an overall net expansion of B1 office space in the last three years (as illustrated by Islington's Annual Monitoring Report, Box 1, issued earlier in this letter).

Draft Policy H1: Thriving Communities

London Centric largely supports the core principles put forward in this Policy. In particular, they are pleased that:

- i) We agree with Part A, that Islington needs to be a place that supports a range of different incomes, tenures and backgrounds, as this contributes the London Mayors fulfilment of widening housing choice (Policy, 3.8 of the Adopted London Plan, 2016), however, we feel that this policy is undermined in later policy chapters which seek to prioritise the provision and role of self contained housing over other housing type tenures for all sects of society (in Policy H7: Meeting Needs of Vulnerable People and the restriction placed on Purpose Built Private Rental Sector development as not being allowed or recognised as being a priority over self contained accommodation, Policy H11). Self contained housing caters for some people better than others, and, there are a range of wider housing needs that should be taken into account such as those living alone, wanting flexible lease types or business visitors seeking mid to longer term flexible leased accommodation.
- ii) Under Part B, that the Council is committed to providing conventional housing that meets identified needs, however, there are wider housing needs which remain totally undetected such as those needing interim accommodation (i.e. sofa surfers -a lost generation) and new comers to London who all need spaces that are fit for purpose,

affordable and unconventional. This concept of private sector rental accommodation should also be reflected in Part K, as it asserts the need for conventional housing to meet the needs of people throughout its lifetime, but what about the need for non-conventional housing as a product to meet the needs of people throughout their lifetime?

- iii) That the Council is committed to meeting and exceeding the Borough's minimum housing target as set out in the London Plan; however, we ask that better acknowledgment is taken into account on the role that the Build to Rent or HMO sectors play in helping to tackle the housing problem and going some way to help tackle housing targets.¹⁸
- iv) That the Council support's high density housing development under Part C of the Policy, and to some degree do agree that proposed developments which could result in the reduction of land supply expected to be suitable for conventional housing, would otherwise be refused. However, in the latter scenario we ask that Islington acknowledge that in providing a housing solution that wider notions of housing delivery, other than conventional forms, be officially considered, as they too help to deal to abate the Housing problem¹⁹
- v) Part D discusses how new homes should be "made adaptable over their lifetime" to accommodate changing needs, we disagree, as free movement and market choice are also in a position to offer what people need in different moments of time (i.e. extra care accommodation is able to meet the needs of the elderly under a C2 or HMO type uses, and/or, co-living housing for single people wishing to take advantage of the social benefits of living with other singletons, under HMO or build to rent building typologies). Islington need to better acknowledge this fact in this Policy as well as other policies in the plan (namely the role of non-self contained accommodation in meeting housing needs for vulnerable older people under Policy H7, people in need of supported housing under Policy H9 and better prioritising the role of shared and non self contained accommodation may play in the market in delivering purpose built private rental sector development, under Policy H11).
- vi) Whilst we are happy to see Under Part S the retention of social and community infrastructure we would request that Islington fully takes account that private clubs come under a Sui Generis use, which would not render them as being a D2 use (Assembly and Leisure).

London Centric would prefer that the Policy wording in key parts takes into account the following:

- i) Under Part F (tenure split) London Centric would prefer that Islington better acknowledge that in some instances there should be better leeway to allow for a "private: intermediate" housing tenure splits, where it is not possible to provide social rent on site, if physical site constraints make it almost impossible to deliver all three tenures in one project, due to design restrictions and scheme viability problems.

¹⁸ By widening housing choice, meeting a specific need (for those not needing conventional forms of housing accommodation), freeing up conventional housing for families (people can vacate conventional housing for smaller space housing options), being seen as fulfilling housing targets and for being a truly affordable housing option in the context of either a proportioned London Living rent or other lower market rent standard.

¹⁹ By widening housing choice, meeting a specific need (for those not needing conventional forms of housing accommodation), freeing up conventional housing for families (people can vacate conventional housing for smaller space housing options), being seen as fulfilling housing targets and for being a truly affordable housing option in the context of either a proportioned London Living rent or other lower market rent standard.

- ii) Part E (affordable housing target) be amended and the Policy justification reworded so as to take account of the fact that the affordable housing target of 50% remains a target aspiration, but, that cases will be determined on a case by case basis, where scheme viability will dictate what is actually achievable (as supported by the London Plan, 2016).
- iii) London Centric are particularly unhappy that Policy N, seeks to resist the prospect of Purpose Built Private Rented accommodation. This is too restrictive and does not allow for a diverse housing supply with adequate choice. This would also restrict smaller developers from helping to contribute to abating the wider housing problem, there is a growing demand for PSR products, which can satisfy an affordable housing element, if agreed with the developer (i.e. below market rent options).
- iv) We are disappointed to see that under Part Q that largescale HMO's, such as co-living schemes will be refused as they are not considered to make the best use of land and undermine efforts of affordable housing and other land use priorities of the Plan. This is because the Council's view of "best use of land" may be in conflict with the market's ability to provide its "best use of land" at the time. London Centric are keen to promote a Co-Living, HMO scheme in the context of considering an affordable rent for units or rooms and in the form of "cluster flats", high quality accommodation.

Draft Policy H2: New and Existing Conventional Housing

Whilst London Centric support the need to protect and promote new and existing conventional housing, we do think that Islington are short-sighted in that wider housing products in the form of co-living, Build to Rent or sui generis HMO schemes do help to tackle the housing problem. This is by widening housing choice, fulfilling a specialist need (a specific "time of life" requirement for "economical", small-spaced living), which, if designed to a good standard, can offer the opportunity for an affordable housing product (in a private sector context).

More specifically, we support:

- i) Islington's aim to exceed the housing target of 7,750 units by 2028/2029, which equates to an annualised target of 775 per annum.
- ii) That Islington promotes the optimisation of sites; however, we ask that building height and scheme viability be used to help justify raising the density of some sites, this is on enabling development grounds especially. This is especially important for town centre or near to town centre sites such as 1 Prah Road, with local heights reaching over 5 storeys should allow for new proposed developments to reach similar heights.

London Centric disagree that:

- i) Under Part C the loss of existing self contained housing will be resisted unless, at least an equivalent floorspace is provided; especially in the light of proposals satisfying wider Local Plan objectives and being seen as widening housing choice and fulfilling a specific need for non-conventional housing, and in offering Londoners alternative affordable residential products.
- ii) Under Part D, we would ask that the housing mix priorities as referred to in Table 3.2, better appreciate the role that site area, physical site constraints and scheme viability play in the delivery of these aspirations. That Table 3.2 be understood as an aspiration, which should be adopted flexibly on a case by case basis so long as market evidence justifies a departure from the preferred housing mix and scheme deliverability/viability to allow for this departure.

- iii) Under Part F that Studio or bedsit units be better tolerated if market evidence dictates this is what the market wants, regardless of whether the “exceptional circumstances” apply. Moreover, that Studio or bedsit accommodation be considered as part of helping to tackle the housing problem as previously stated.²⁰

Draft Policy H3: Genuinely Affordable Housing

In relation to the need to deliver Genuinely Affordable Housing (Part A of the Policy), we ask that:

- i) The 50% target be treated as an aspiration, which, if it may be demonstrated this is not deliverable, that the appropriate level of affordable housing be provided.

London Centric is unhappy to learn that:

- i) Under Part B that for sites capable of delivering 10 or more conventional housing units/and or look to provide 1,000 sqm (GIA residential floorspace or more)-exception of full or part public ownership) - that a 45% on site provision is desired, without public subsidy; while a 50% provision is required with public subsidy. We would like some acknowledgement that some developers may find it hard to access public funds, and, to better understand the problem site constraints may have in delivering these exceptionally high affordable housing targets, as well as the role scheme viability plays in satisfying these affordable housing thresholds.
- ii) Under Part F, that any proposal not looking to provide the minimum affordable housing level of housing as listed in part B, will be refused. This is very restrictive and will stifle the speed at which homes will be brought forward. This goes against national guidance which is seeking to speed up housing delivery, adopting policies that are properly justified, and will strangle the prospect of smaller developers trying to grow and reduce the over dependence of house building from major builders. This is unrealistic.
- iii) London Centric finds it unacceptable to learn that under Part G, that site specific viability information will only be accepted in exceptional circumstances, determined by the Council. How can a council develop blanket policies which are not sensitive to market forces (which are liable to flux) be allowed to dictate the future development patterns on a purely policy driven process? This is not realistic or supported by adopted national or regional planning guidance (NPPF, 2019 and The London Plan, 2016).
- v) Under Part H, (tenure split) it is evident, Islington have put forward a requirement for a 70:30 affordable housing tenure split (social rent: intermediate). London Centric require that Islington better acknowledge that in some instances there should be better leeway to allow for a purely “private: intermediate” housing tenure splits, where it is not economically viable to provide social rent in particular cases, especially if physical site constraints make it almost impossible to deliver all three tenures in one project, due to design restrictions and market aspirations are wanting separate cores for each tenure.
- iv) In relation to schemes delivering less than 10 residential units or below 1,000sqm of residential floorspace (GIA), that a commuted sum of £50,000 per net additional unit is applied, that Islington consider the possibility of a lower commuted sum payments for some schemes if scheme viability remains to be a problem.

²⁰ By widening housing choice, meeting a specific need (for those not needing conventional forms of housing accommodation), freeing up conventional housing for families (people can vacate conventional housing for smaller space housing options), being seen as fulfilling housing targets and for being a truly affordable housing option in the context of either a proportioned London Living rent or other lower market rent standard.

Draft Policy H7: Meeting Needs of Vulnerable Older People

London Centric disagrees with the view that the need for accommodation for older people must primarily be met via the delivery of conventional housing, as there are other housing models such as non-self contained accommodation (in the form of cluster flats) which have capacity to cater well for elderly people. Many elderly people live alone and in larger housing formats, which from a care and wellbeing perspective can be isolating. Co-living or extra care accommodation should be identified as acceptable wellbeing housing solutions.

Draft Policy H10: Houses in Multiple Occupation (HMO's)

In relation to Islington's Draft Policy on HMO's, we ask that:

Under Part A, that Islington support the loss of larger family housing if the development proposal seeks to satisfy wider policy targets listed in the plan (such as seeking to widen housing choice or satisfying a particular need). In this instance we ask that part A (ii) be re-worded and/or the policy justification be rewritten to reflect this.

London Centric contests the wording of Part C which refuses the prospect of large-scale HMO's coming forward if they limit capacity to deliver conventional housing. On the contrary, the market should dictate what is brought forward, scheme viability as well as an appreciation of wider Londoners needs (of which market evidence suggests that PSR is on the rise, with potential for this to be made affordable, as discussed previously).

London Centric are disappointed to see the latter section of Part C (under the previous Regulation 18 consultation), which once discussed the notion of potential of Sites in which the Council would consider appropriate for larger scale HMO development, is now gone. In the fulfilment of sites deemed appropriate for HMO development, London Centric consider that Town Centre sites would be the most appropriate locations sequentially, in line with current adopted Policy (Policy DM4.4, Development Management Policies, 2013) which states that HMO's larger than 80sqm should be located in Town Centres.

Moreover, part C also which also states that large-scale HMOs will generally be refused as they limit capacity for conventional housing should be reconsidered as there are variations of HMO which may be brought forward in the form of "cluster flats", which offer some self contained format in the provision of typically non-self contained accommodation. Also, while we agree with the need to comply with Draft Policy H4 (design standards), we do not agree with the need to comply with Policy H2 which requires sites be first considered for self contained housing, rather, London Centric would prefer that the market should dictate what is provided, as further supported by scheme viability testing, as well of a better appreciation that non-conventional may help to widen housing choice. We are of the belief this is too short sighted. We part agree with the need to fulfil a genuinely affordable housing product under Part C iii, however, the client team would prefer to see something which takes account of what is feasible and a wider appreciation of what is deemed affordable.

Draft Policy H11: Purpose Built Private Rented Sector Development

London Centric disagree with Part A in that Islington considers that purpose built Private Rented Sector (PRS) development models do not have a role in meeting housing need in Islington. This is very short-sighted especially in the understanding that London is a generation of renters, which is only set to increase (according to one forecast, on current trends, the private rented sector could

grow to accommodate some 40% of all London households by 2040-qupte from *Housing in London*, GLA ,2017).

We believe a wider appreciation of housing products should be entertained in order to let market forces speak for themselves and that viability appraisals allow for PRS on enabling development grounds (if this is the case), otherwise Council's run the risk of slowing housing delivery, land banking or worse, nothing taking place. At a basic level, regardless of whether more conventional models are preferred by Islington, that purpose built PSR is seen as part of widening housing choice (Policy 3.8 of the Adopted London Plan, 2016).

Other comments we have in relation to any "accepted" PRS schemes, which, relates to any wider compliance:

- i) In relation to A (ii) with the request for genuinely affordable housing to be provided on-site, in line with the definitions listed in policy H3, the client team believes this policy to be too restrictive. This is because Policy H3 relates to "conventional", self contained housing definitions and types of accommodation. The client team therefore asks for a greater degree of flexibility to enable a meaningful discussion with the council to work through a justified methodology of any "affordable" private rent put forward. The Mayor is still trying to regulate an "industry standard" for this type of housing, which includes an understanding of the right application of an affordable rent. At present, our client anticipates the use of average wage data as well as the use of London living rent data, and, although the latter is typically applied for self contained, conventional housing, will be used in the calculation of an appropriate "below market rent" rental value per room.
- ii) Under A(iii) we ask the requirement for self contained units to include the prospect of cluster flats, which may allow for anything from 2-6 bed occupancies, which will maybe let separately, but that the revenue be reflected the number of occupants inside them (per capita/at a room rent value).
- iii) We agree under part A (iii) that high quality housing is provided in H4 as much as can be possible, however, please be aware that on occasion site constraints may cause a shortfall in some desired design features. Also, in relation to the requirement that all units be self-contained, again we ask that cluster flats be allowed to act as a "self-contained" unit, with a certain number of occupants residing within this.
- iv) In relation to part A (iv) we understand the need to covenant to safeguard the retention of the PSR use for a minimum period of 50 years, and the non applicability to sell the units at a market rent for the length of the covenanted period, however we do ask that this need not prevent the owner/developer to apply for an alternative land use at any point, should the market dictate there not to be a need for a PSR scheme. As such, we request that any such covenant run with the planning use and not land. This means it might be better dealt with via a planning condition.
- v) In relation to the clawback mechanism related to part v) which ensures that the maximum amount of affordable housing is provided on-site where the covenant is broken (notwithstanding criterion iv), we ask that scheme viability is taken into account and; to quote Paragraph 3.77 of the Mayors Housing Strategy (2018) that the following also be considered:

"The draft London Plan, supported by the Affordable Housing and Viability SPG, sets out a new pathway through the planning system for Build to Rent schemes. This pathway is designed to help both applicants and councils guide Build to Rent schemes through the planning system by acknowledging their distinct economics when compared with

mainstream build for sale housing schemes. This is normally taken to mean two separate but connected factors: first, Build to Rent relies on a revenue stream secured through rent rather than upfront return on sales; and, second, Build to Rent schemes often cannot therefore compete to buy land on an equal footing with speculative build for sale schemes.”

- vi) London Centric has no objection in the unified management and ownership of the development is guaranteed through the covenant period, however, we ask for there to be flexibility to allow for best value in the management and delivery of the PSR, this means the need for sub clauses which would allow for “management” reviews in the duration of the covenant.
- vii) Whilst we agree with part vii) which signifies that longer tenancies (of three years or more) are available to all tenants, we also note the need for shorter/ flexible tenancies in order to meet the needs of the market as well. London Centric ask for shorter tenancies be allowed to co-exist, which may end with a month’s notice or less, if agreed with the PSR provider. In relation to upfront fees during the letting process which states this not be charged, except for security deposits and upfront rent payments, we ask for this to be changed to be in line with industry standards. This would prevent any onerous fees from being purely at the expense of the PSR, which is not acceptable.

Draft Policy SC1: Social and Community Infrastructure

In relation to Social and Community infrastructure, we would ask that the Council appreciate that private club (Sui Generis use classes) does not denote to be Social Infrastructure (D2 use class).

Draft Policy B1: Delivering Business Floorspace

We agree with Part B which states that future business expansion is to be directed be focussed in the CAZ, Bunhill and Clerkenwell AAP, the CAZ Fringe Spatial Strategy Areas of Upper Street, Kings Cross and Pentonville Road, PELs and Locally significant Industrial Sites.

We agree with the Council’s strategy which aims to ensure the adequate supply of business space is delivered via no net loss of commercial space in planning permissions and via the use of article 4 directions where necessary. This is already the case.

We disagree with Part D which states that the council wish to blindly secure space for start-ups and small businesses, this needs to be validated with appropriate market evidence (must be proof of a need in order to force this).

Draft Policy B2: New Business Floorspace

While we agree that new business floorspace is to be primarily directed to the CAZ, Bunhill and Clerkenwell AAP, the CAZ Fringe Spatial Strategy Areas of Upper Street, Kings Cross and Pentonville Road, PELs and Locally significant Industrial Sites (Part A, i-iii), with any wider proposals for B1(a) and B1 (c) to be directed in town centre environments. We do ask however, that market demand should form the fundamental basis for any desired B1(a) space in town centre environments, and that any restrictive SME requirement policy, is backed up by the Council with a proper evidence base in order to prove there is a justified demand for this, this is especially in the light of Council driven allocation sites (i.e. sites not chosen by the owners themselves).

Draft Policy B4: Affordable Workspace

While London Centric part agree with the requirement to provide 10% affordable workspace on schemes providing in excess of 1,000 sqm of office space for sites in the CAZ, Bunhill and Clerkenwell AAP, the CAZ Fringe Spatial Strategy Areas of Upper Street, Kings Cross and Pentonville Road, PELs and Locally significant Industrial Sites and town centre sites, we believe the fundamental basis of this policy should be based on sound market economics and demand. This means that even for schemes capable of delivering this level quantum, if it may be proven that scheme viability will be compromised and/or if market demand levels for do not dictate for affordable workspace, then this should not be provided.

The team believe SME type spaces are better delivered in the context of much larger mixed use schemes, where lower rental yielding uses are counter balanced with more profitable land uses. We support Part C of the policy which looks for a 10% affordable workspace target for schemes proposing in excess of 10,000 sqft.

Draft Policy R3: Islington's Town Centres

In the case of this draft Policy, whilst it is an aspiration to direct retail, leisure and services at ground floor levels in Town Centres, Islington need to acknowledge that there are many Town Centre sites that are not located in traditional Town Centre environments (i.e. residential in character) and, in such instances we ask that Islington acknowledge that such sites be allowed to come forward without Town Centre uses at ground level. This theory is supported by national planning guidance which appreciates that that not all Town Centre sites are appropriate for Town Centre uses (Paragraph 85 f of NPPF, 2018). Moreover, we request that should no pre-existing a Town Centre use exist for a Site, that a landowner not be forced to provide such a use.

London Centric contest the term "sui generis town centre" use as a sui generis uses are not, by definition as "town centre" use. Town centre uses include, office, commercial or retail uses, while sui generis uses may be placed anywhere. We ask for this to be taken out of the plan's definition for this Policy.

We also ask in the light of changed town centre characteristics that town centre boundaries are to be reviewed periodically. London Centric are of the opinion their site should not be included in the town centre boundary on the basis that it currently occupies a sui-generis use, on a residential street, largely detached from the wider town centre boundary. Please read part A, 2 of this letter.

London Centric disagree with the overall flavour of this policy, which states that residential uses have potential to cause adverse harm to the vitality and viability of town centres, and while sometimes they should be located away from core areas, that they shouldn't be limited to upper floors, especially if the local environment is residential in character. This is certainly the case in relation to 1 Prah Road.

Conclusion for Part B

In summary, London Centric welcomes the draft publication of the new Islington Local Plan; however, much more needs to be done to help small to medium sized developers to deliver sites (i.e. allow more flexible tenure mixes to be applied, better support for intermediate housing, as well as a better understanding of the the role scheme viability plays in delivering what is actually achievable). Islington could do more to recognise the value that non conventional housing plays in abating the housing problem by widening housing choice (even be recognised as helping to fulfil

housing targets), as well as better recognition of the role HMO's and Build to Rent products could play in tandem with other affordable housing products/options.

Furthermore, it would be more helpful for Islington to find a more robust market evidence base to validate the view that town centre areas such as Finsbury Park have the capacity to act like a second "CAZ" with an affordable commercial rent core. The premise that this policy is underwritten on the basis that i) to cater for some future growth ii) to slow down office to residential permitted development rights, and iii) that more flexible ways of working are being adopted is not enough. This is because our research shows that Islington's future commercial unit supply is adequately being met with strategically identified priority areas (outside of town centre environments), some permitted development right loss should be expected, while B1a business uses are not in deficit when AMR data is taken into account (net gains have been logged for the last 3 years). This then means, less pressure should be applied to town centre areas north of the Borough to accept affordable office developments which are not viable or deliverable on small sites (circa 399sqm-600sqm) either a 100% format or a dual commercial use format either. We ask that market demand dictate what is possible and our research highlights non-viability for such development on small sites in these environments. Affordable commercial development is best enveloped in larger schemes capable of absorbing lower rental yields associated with SME/affordable units, where higher rental yielding uses can prop up the provision of such development in coming forward.

In relation to town centre environments, we believe sui-generis uses better taken into account as an "anywhere use", as opposed to being identified as "sui main town centre uses", as they are not all purely business focussed in nature, we ask this be re-assessed as it puts a deep pressure for such uses to be re-provided, when in reality it may not be feasible to re-deliver on small sites. Moreover, if there is a way to reprovide for such a use, that the Council be open to non-conventional residential uses such as HMO and hotel type uses to help bring them forward.

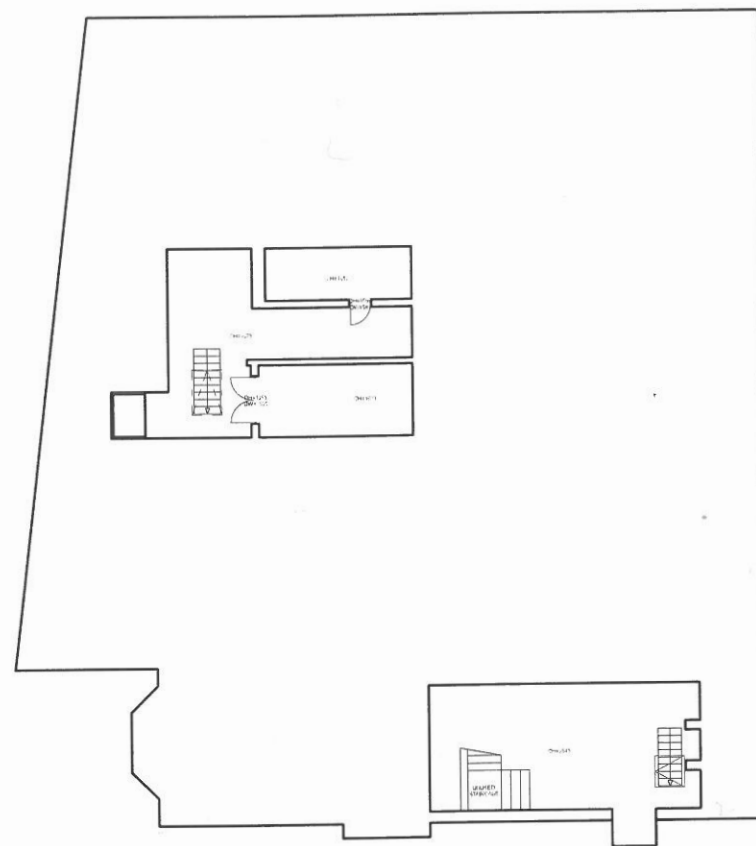
In my client's case we even have the ability to bring forward HMO type uses in the context of cluster flats, which may be more palatable for Islington to accept. We also ask for town centre boundaries to be regularly monitored and reviewed in order to take account of changing circumstances or to better reflect live circumstances where residential uses, and therefore, environments predominate.

Next Steps for Parts A and B of the Letter

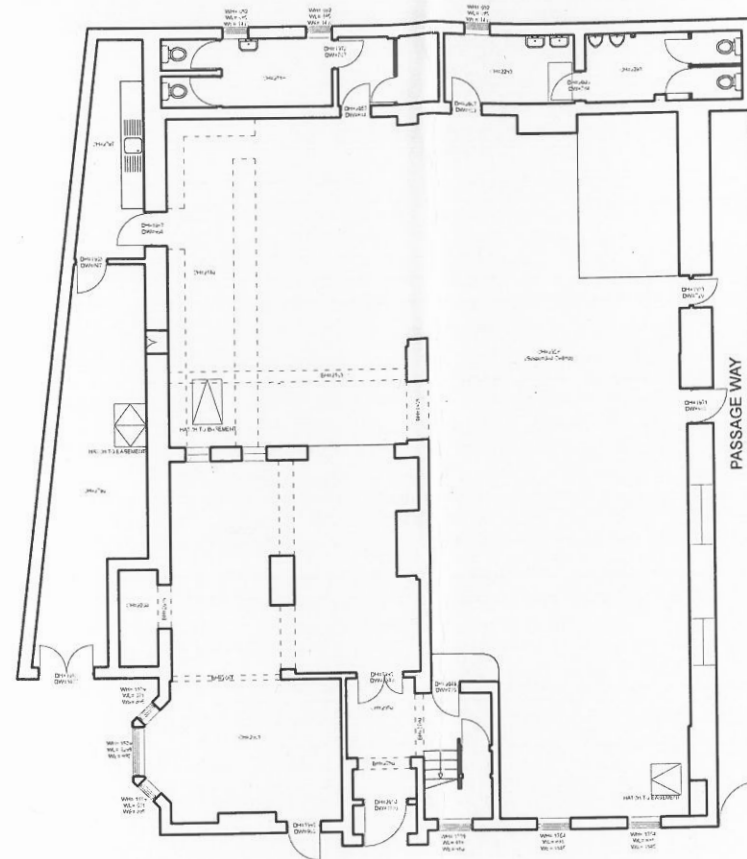
If you could confirm receipt of both Parts A and Parts B of this letter via an email to Anna Gavriel on anna.gavriel@thetownplanningcompany.com , she is also the main contact who will help set up the requested meeting with Planning Policy under Part A of this letter, to help negotiate a more viable land use allocation for the Site's future.

Anna Gavriel BA MA Mphil MRTPI
Director of the Town Planning Company
Mobile: 07429062187

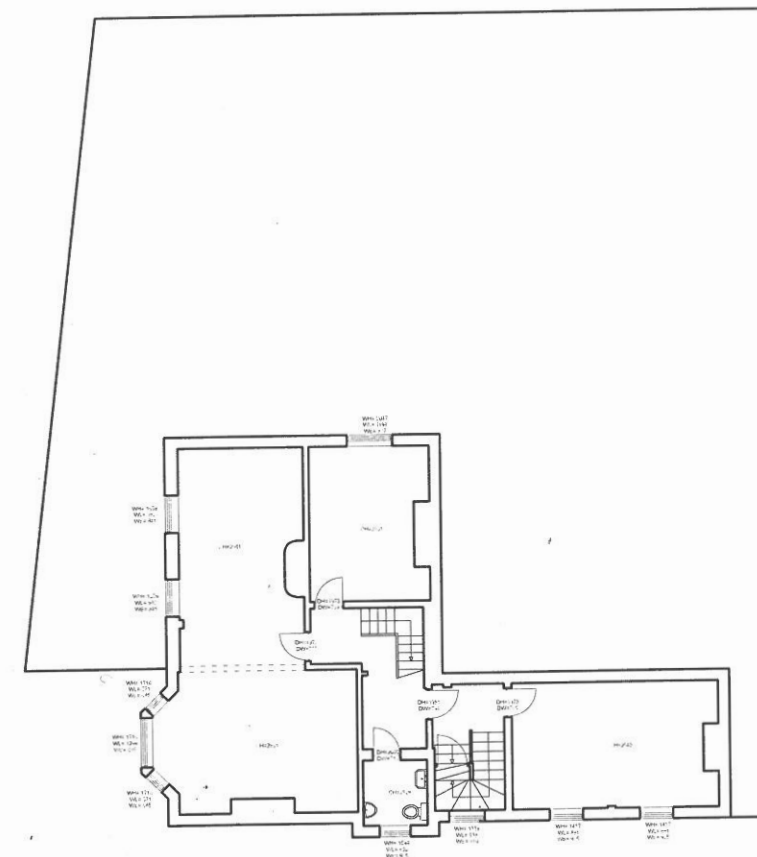
APPENDIX 1



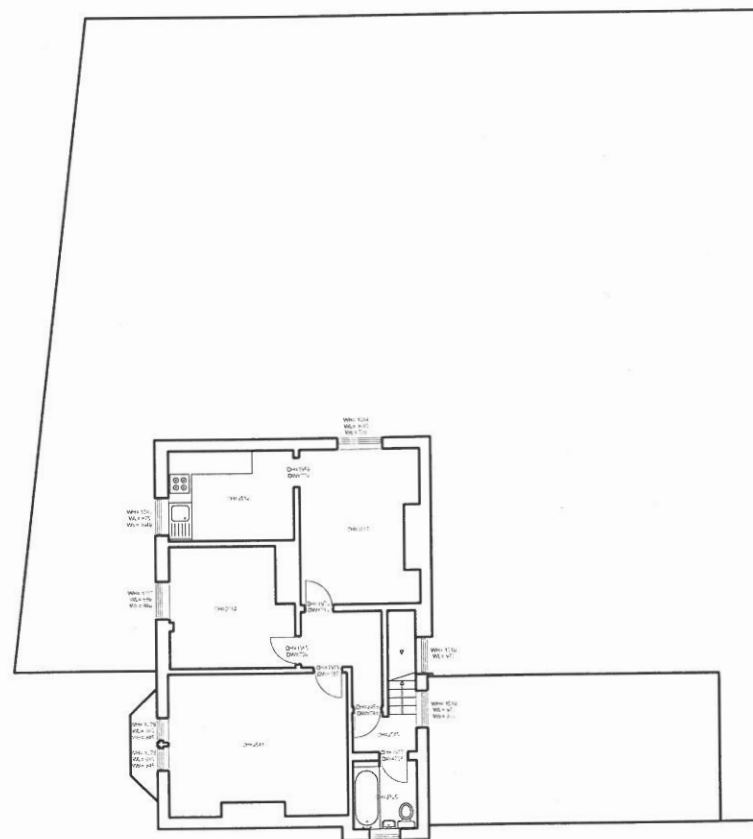
LOWER GROUND FLOOR PLAN
57.68 SQM / 621 SQFT



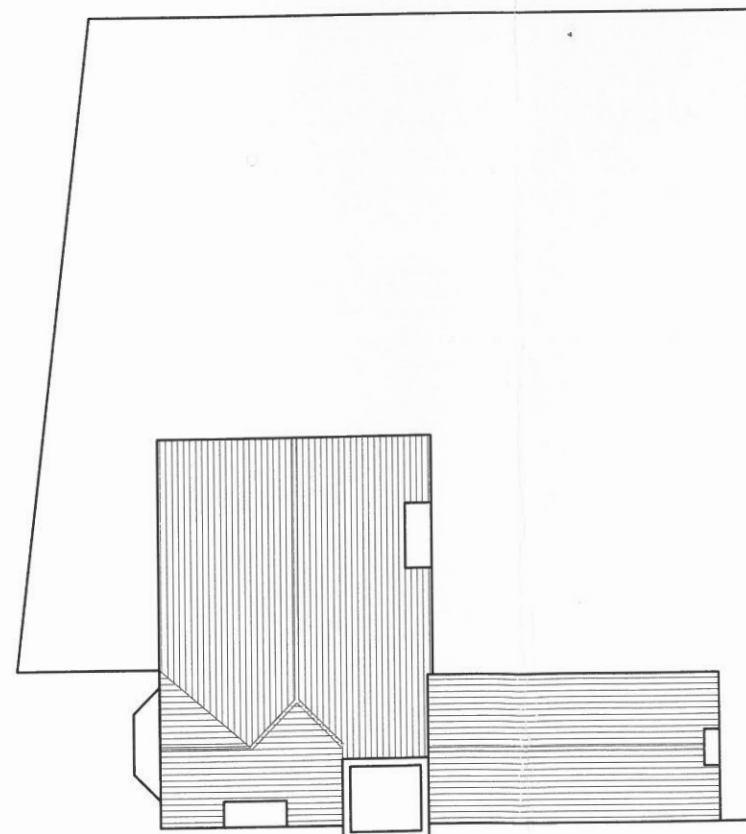
GROUND FLOOR PLAN
369.90 SQM / 3981 SQFT



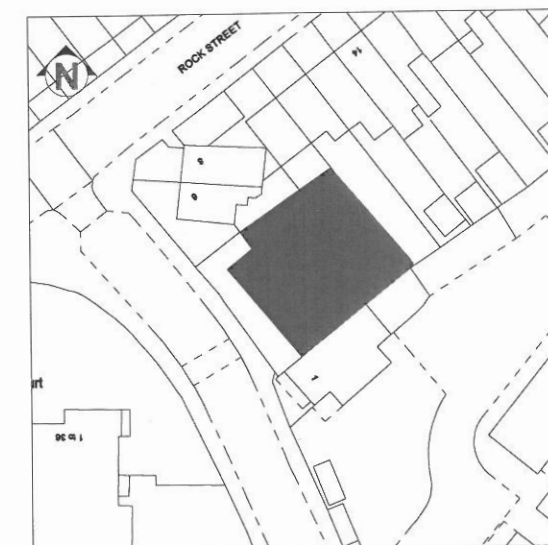
FIRST FLOOR PLAN
89.14 SQM / 959 SQFT



SECOND FLOOR PLAN
62.64 SQM / 674 SQFT



ROOF PLAN



SITE PLAN @1:1250



General note

This drawing is to be read in conjunction with all other relevant drawings, schedules and specifications issued by Klik London

All interior dimensions including ceiling heights are taken to and from finished surfaces unless otherwise stated. All levels and dimensions must be checked on site.

Any discrepancies with the information depicted in this drawing must be reported to Klik London. Responsibility can not be accepted for alterations made to this drawing without prior permission from Klik London

This drawing must not be photocopied, scaled or reproduced otherwise scale accuracy can not be guaranteed.

This drawing should not be used in any circumstances for any structural calculation or building construction / demolition work.

CLIKLONDON

Kemp House 152-160 City Road London EC1V 2NX

W: www.clik.london E: info@klik.london

CLIENT:

AG&G

JOB TITLE:

FINSBURY PARK CONSERVATIVE CLUB, 1 Prah Road, London, N4 2RA

DRAWING TITLE:

GENERAL FLOOR PLANS

TOTAL SQM/SQFT:

579.36 SQM / 6204 SQFT

JOB NO:

271015/01

DRAWING NO:

DT/001

REVISION:

.

SCALE(S):

1:200@A3

DRAWN: AYH

CHECKED: TPB

DATE: 28.10.15

APPENDIX 2



GERALDEVE

Memorandum

Attention of	Anna Gavriel
Company	The Town Planning Company
From	Julian King
Date	17 th October 2019
Our ref.	JAKI/U9587
Your ref.	1 Prah Road, LB Islington

Appraisals of Development Options A + B – 1 Prah Road, LB Islington

Gerald Eve LLP (GE) have been instructed to undertake two desktop appraisals of potential development options of the site at 1 Prah Road.

These schemes and associated assumptions are contained within at the back of this appraisal.

Overall Assumptions

Commercial Rental Value: £30 per square foot per annum

Open Market Sales Value: £800 per square foot

Build costs have been taken from the BCIS database

Commercial: £2,963 per square metre

Residential: £2,814 per square metre

Current site values as per the Deloitte Real Estate report dated March 2018. The basis of the valuation is further explained under the Threshold Land Value section. The salient values are below:

Existing Use Value: £1,365,000

Premium Uplift (20%): £273,000

Threshold Land Value: £1,638,000

Appraisal – Option A – 100% Commercial

The financial performance of the modelled development is shown below:



Scheme (address): 1 Prah Road 100% Commercial
Local Authority: Islington

	TOTALS	per unit	per m2		Commercial Rent
Units	1				1
TSC	9,205,596				9,205,596
Finance Required	9,205,596				9,205,596
30 Yr NPV	-3,788,896				-3,788,896
Income					
NPV net rent & staircasing sales	5,416,700	5,416,700	4,781		5,416,700
Cross subsidy	0	0	-		0
Gross Development Value (GDV)	5,416,700	5,416,700	4,781		5,416,700
Open Market Value	4,268,429	4,268,429	4,268,429		4,268,429
Acquisition costs	Total	per unit	per m2		Commercial Rent
Acquisition	1,638,000	1,638,000	1,446		1,638,000
Construction costs	Total	per unit	per m2		Commercial Rent
Infrastructure	40,000	40,000	35.3045013		40,000
Works	4,698,551	4,698,551	2900		4,698,551
Works VAT	0	0	0		0
Professional fees	Total	per unit	per m2		Commercial Rent
Architect/EA etc	1,229,178	1,229,178	1,229,178		1,229,178
Other	324,557	324,557	324,557		324,557

Finance fees	Total	per unit	per m2		324557.49
Interest	324,557	324,557	324,557		324,557
Total Scheme Cost	9,205,596	9,205,596	9,205,596		9,205,596
Viability KPIs	Total	per unit	per m2		Commercial Rent
NPV without cross subsidy	-3,788,896	-3,788,896			-3,788,896
NPV	-3,788,896	-3,788,896			-3,788,896
IRR	0.00%				1.71%
Payback	Fails				Fails
Cost as % value	215.67%				215.67%
Max investment per unit	5,416,700				5,416,700
First year deficit	108,109				108,109
Peak debt in management	18,990,787	18,990,787			18,990,787
Peak debt year in management	36				36
Break even year	9,999				82
Gross Margin	99.64%				99.64%
Interest cover	76.51%				76.51%
NPV per unit	-3,788,896				-3,788,896

These outputs demonstrate that the 100% Commercial Scheme is not viable, demonstrating a negative NPV, no interest payback, a minimal IRR, no breakeven point, and no development profit.

Appraisal – Option B – Commercial and residential mix

The financial performance of the modelled development is shown below:



Scheme 1 Prah Road 100%
(address): resi
Local Authority: Islington

	TOTALS	per unit	per m2	Shared Ownership	Outright Sale	Commercial Rent
Units	12			5	6	1
TSC	8,391,536			1,875,406	3,253,020	3,263,109
Subsidy	0			0	0	0
Sales	4,187,161			604,932	3,582,229	0
Total Income	4,187,161			604,932	3,582,229	0
Finance Required	4,204,375			1,270,475	-329,209	3,263,109
30 Yr NPV	-561,384			65,243	329,209	-955,837
Income						
Initial Sales	4,187,161	348,930	3,988	604,932	0	0
NPV net rent & staircasing sales	3,642,991	303,583	3,470	1,335,718	0	2,307,273
Gross Development Value (GDV)	7,830,151	652,513	7,457	1,940,650	3,582,229	2,307,273
Open Market Value	9,041,684	753,474	62,789	2,419,727	3,582,229	3,039,728
Acquisition costs	Total	per unit	per m2	Shared Ownership	Outright Sale	Commercial Rent
Acquisition	1,638,000	136,500	1,560	404,101	598,242	635,657
Construction costs	Total	per unit	per m2	Shared Ownership	Outright Sale	Commercial Rent
Infrastructure	40,000	3,333	38.0952381	9,868	14,609	15,523
Works	3,277,441	273,120	3121.37238	808,557	1,197,010	1,271,873

Professional fees	Total	per unit	per m2	Shared Ownership	Outright Sale	Commercial Rent
Architect/EA etc	1,208,075	100,673	8,389	298,037	441,222	468,817
Other	660,121	55,010	4,584	185,403	249,581	225,138
Finance fees	Total	per unit	per m2	Shared Ownership	Outright Sale	Commercial Rent
Interest	660,121	55,010	4,584	185,403	249,581	225,138
Total Scheme Cost	8,391,536	699,295	58,275	1,875,406	3,253,020	3,263,109
Viability KPIs	Total	per unit	per m2	Shared Ownership	Outright Sale	Commercial Rent
NPV without cross subsidy	-561,384	-46,782		65,243	329,209	-955,837
NPV	-561,384	-46,782		65,243	329,209	-955,837
IRR	0.00%			5.47%	0.00%	3.26%
Payback	Fails			31	0	Fails
Cost as % value	92.81%			77.50%	90.81%	107.35%
Max investment per unit	303,583			267,144	0	2,307,273
First year deficit	82,586			28,235	0	54,351
Peak debt in management	4,549,199	379,100		1,298,710	-329,209	4,417,283
Peak debt year in management	18			2	0	30
Break even year	74			68	73	76
Gross Margin	90.40%			83.85%	0.00%	98.81%
Interest cover	63.57%			55.55%	0.00%	66.69%
NPV per unit	-46,782			13,049	54,868	-955,837

These outputs demonstrate that the Mixed Tenure Scheme is not viable, demonstrating a negative NPV, no interest payback, and no development profit.

SCHEME ASSUMPTIONS –THE APPRAISALS

BASELINE PROPERTY INFORMATION

The existing use: sui-generis (former private members club). In terms of having to plug information about purchase price value or existing use value as a sui-generis use, please look at the Deloitte report and make a note of what you think the existing value is (i.e: allow for any updates on the market). Look at Deloitte's old appraisal assessed the existing use value.

The existing total gross floorplate is: 579 sqm. Within the building is one flat (second floor): 62.6sqm, this is important for discount of CIL.

Existing gross floor areas breakdown and uses:

Basement: 57.6sqm (use: storage)
 Ground: 369.9 (so, 370 sqm, use: sui-generis private club)
 First: 89.1 sqm (sui-generis club)
 Second: 62.6sqm (private flat)

COSTS FOR VIABILITY ASSESSMENTS

Fees/additional costs to be factored for both appraisals:

Mayoral CIL (calculated by Gerald Eve)

Islington CIL (calculated by Gerald Eve)

Contingency 5% on build costs.

S.106 costs (calculated by Gerald Eve)

Professional Fees 10% on build costs (architects/planners/quants surveyors)

Marketing costs 2%

Sales agency fees 1%

Sales legal fees 0.5%

Finance (assumed to be 100% debt funded at an interest rate of 6%, to reflect the risk margin involved and the availability of funding in current market-you let us know if you will apply this or not).

Developers profit of 20% GDV.

Purchasers costs, stamp duty, legal and agents fees-whatever these rates are.

THE PROPOSALS

Appraisal A: as a 100% Commercial Scheme:-

Floor	NIA	GIA	Use
B	151	336	B1
G	202	320	B1
1	242	285	B1
2	181	235	B1
3	189	235	B1
4	168	209	B1
Total	1133	1620	

Assumptions/valuation notes:-

The NIA discounts for lobby/storage, plant and core (lifts/staircases), but not for all non-lettable floorspace (kitchens, loos).

Appraisal B: as a part Commercial and part Residential (B, G Commercial , levels 1-4 residential):

It is possible to get 11 residential units on the upper floors with a B,G and 4 storey scheme. The following floor areas relative to the proposed uses are as follows:-

Floor	NIA	GIA	Use
B	151	336	B1
G	202	320	B1
B1 Total	353	656	
1	242	285	C3
2	181	235	C3
3	189	235	C3
4	168	209	C3
C3 Total	780	964	
Total	1133	1620	

GIA to NIA Explanation: Other Building Features			
FLOOR	Area	USE	
B	185	Storage/ Plant/Core	
G	118	Lobby /Circ/Bins/Core	
1	43	Core and Circulation	
2	54	Core and Circulation	
3	46	Core and Circulation	
4	41	Core and Circulation	

Assumptions/valuation notes:-

- We have provided you with the GIA (for construction /build costs) and the NIA areas of the Units.
- The NIA of the commercial space is not discounted for an internal lift or staircases, toilets or kitchen.
- The residential offer does not include a proposed wheelchair accessible units (which is often requested at 10%).

This translates into the following housing mix:

	Private Units	%	Policy DM3.1 Target %	Affordable (Intermediate Tenure)	%	Policy DM3.1 Target %
Studio	0	0	0	0	0	0
One Bed	1	16.7	10	3	60	65
Two Bed	4	66.7	75	2	40	35
Three Bed	1	16.7	15	0	0	0
4 Bed +	0	0.0	0	0	0	0
Total	6	100	100	5	100	100

We have put forward a 50% affordable scheme to be policy compliant, and have offered a purely private and intermediate scheme on basis that a single core building will only allow for intermediate affordable housing.

The schedule of accommodation are per below:

Unit	Use Class	Type	Intermediate	Private Tenure	Area *NIA	Amenity Space Area	Habitable Rooms	Floor
1	B1			1	151	57	0	B
2	B1				202	29	0	G
3	C3	3B/5P		1	101	45	4	1
4	C3	2B/4P	1		72	10	3	1
5	C3	2B/3P	1		69	9	3	1
6	C3	2B/4P		1	72	10	3	2
7	C3	1B/2P	1		53	8	2	2
8		1B/2P	1		56	8	2	2
9	C3	2B/4P		1	72	10	3	3
10	C3	1B/2P	1		53	10	2	3
11	C3	1b/2p		1	64	9	2	3
12	C3	2/B4P		1	72	10	3	4
13	C3	2B/4P		1	96	34	3	4
Total B1				1	353	86		
Total C3			5	6	612	119	30	
Total Scheme					965	205		

Threshold Land Value Appraisal

Basis of Assessment

This viability assessment adopts a Residual Land Value approach to be compared against a premium above Existing Use Value ("EUV") as a viability benchmark known as the Threshold Land Value.

In regard to the EUV part of the TLV calculation, the definition of EUV, as set out within the Development Viability SPD notes:

"The value of the site in its existing use, assuming that it remains in that use and that there is no hope value to reflect development on the site for alternative uses."

The Threshold Land Value therefore represents the value at which a typical landowner is likely to release an investment / land for development including a premium. Our approach has been to base the Threshold Land Value upon an Existing Use Value ("EUV") for the current property plus a 20% premium over the EUV figure.

Existing Use Value Assessment

The existing Property comprises both commercial and residential elements which collectively form the EUV on the assumption of a continuation of the current uses.

Commercial Element

An investment valuation has been carried out to determine the value of the commercial element of the existing Property, capitalising the market rents

for the existing use with a yield derived from market evidence.

The property was previously used as a Conservative Member's Club. The

building comprised a ground floor entrance and stairwell leading to the main ground floor social area, which included a snooker room, bar, lounge area, W/C and two lower ground floor storage rooms. The first floor provided two further social areas/meeting rooms, W/C and a secretary's office. Stairs leading to the second floor provided access to a self-contained residential unit.

We have adopted floor areas based on the architect plans provided to us and these have been cross checked against our own measurements. A

schedule of net internal areas (NIA) is as follows:

In order to establish a market rent for the property as existing, we have had regard to the letting of comparable evidence with a similar usage to that of the subject property. Evidence for this type of property is generally less widely available than other sectors, and we have therefore considered properties in locations slightly further afield.

Based on the evidence available to us we have adopted a Market Rent for the existing accommodation of £193.75 sq m (£18 sq ft) per annum. Based on the Net Internal Area of 347.83 sq m (3,744 sq ft) this equates to a market rent of £67,400 per annum.

We have capitalised this income at a yield of 7%. This reflects the weaker covenant strength of an occupier that would most likely occupy this type of building. At a yield of 7% the capitalised Market Rent derives a value of

£963,000.

We have therefore rounded this value up to:

£965,000

(nine hundred and sixty five thousand pounds)

Residential Element

This second floor accommodation within the Property does not form part of the commercial calculation and has been valued separately as self-contained residential accommodation.

Adopting approximately £6,458 sq m (£600 sq ft) derives a value on the assumption of the continuation of existing use of:

£400,000

(four hundred thousand pounds)

Existing Use Value Summary

The aggregate existing use value from the commercial and residential accommodation within the scheme equates to:

£1,365,000

(one million three hundred and sixty-five thousand pounds)

Threshold Land Value

The table below summarises the EUV, premium uplift and subsequent Threshold Land Value:

Existing Use Value	Premium Uplift 20%	Threshold Land Value
£1,365,000	£273,000	£1,638,000

APPENDIX 3



GERALDEVE

Memorandum

Attention of	Anna Gavriel
Company	The Town Planning Company
From	Julian King
Date	18 th October 2019
Our ref.	JAKI/U9587
Your ref.	1 Prah Road, LB Islington

Initial Review of Commercial and Commercial led Mixed Use Schemes in Islington

1.1 We have reviewed both consented and recently submitted planning applications to ascertain patterns under which commercial and commercial led mixed use schemes are coming forward in Islington.

2.1 Methodology

2.2 We looked at commercial and commercial led mixed use schemes. We have disregarded conversions or extensions to provide fewer than 5 flats. All commercial schemes listed are those offering A1, B1 or C2 uses.

3.1 Commercial use only consented schemes

3.2 We have reviewed all commercial schemes consented in LB Islington since 2016. The following table contains developments delivering new commercial space.

Application number	Scheme Address	Post Code	Ward	Development status	Date of consent
P2015/2516/FUL	North Road	N7 9DP	Holloway	Started	01/03/2016
P2015/5235/ful	Upper Street	N1 1aa	St. Mary's	Started	18/04/2016
P2012/0637/FUL	Errol Street	EC1Y 8SE	Bunhill	Started	15/08/2016
P2015/4143/FUL	Farringdon Road	EC1R 3DA	Clerkenwell	Started	29/08/2016
P2013/2733/FUL	Sebastian Street	EC1 1XX	Clerkenwell	Started	30/01/2017
P2016/1655/FUL	Tabernacle Street	EC2A 4DT	Bunhill	Not Started	23/02/2017
P2013/5063/FUL	St John Street	EC1M 4AY	Bunhill	Started	12/06/2017
P2015/1455/FUL	Holloway Road	N7 6NJ	Highbury West	Started	22/09/2017
P2016/1999/FUL	York Way	N7 9AS	Caledonian	Started	21/11/2017
P2015/4922/FUL	White Lion Street	N1 9PP	Barnsbury	Started	01/12/2017
P2017/1790/FUL	Pentonville Road	N1 9NF	Clerkenwell	Started	15/12/2017
P2017/4599/FUL	Rosebery Avenue	EC1R 4RL	Clerkenwell	Not Started	14/02/2018
P2017/3903/ful	Almington Street	N4 3bg	Tollington	Not Started	09/03/2018
P2015/1958/FUL	Farringdon Road	EC1R 0BD	Clerkenwell	Not Started	20/03/2018
P2015/4725/FUL	Pear Tree Street (Inc. Adjoining Land)	EC1V 3SB	Bunhill	Started	15/05/2018
P2017/3006/ful	Highbury Grove	N5 2ag	Highbury East	Started	18/05/2018

P2016/4807/FUL	Sycamore Street	EC1Y 0SR	Bunhill	Not Started	05/06/2018
P2017/1383/FUL	Holloway Road	N7 8DB	Highbury West	Not Started	14/06/2018
P2015/0571/ful	Magdala Avenue	N19 5nf	Junction	Started	20/08/2018
P2017/0297/FUL	White Lion Street	N1 9PD	Barnsbury	Not Started	30/08/2018
P2017/1046/FUL	Cowper Street; 63-67 Tabernacle Street	EC2A 4BA	Bunhill	Started	03/09/2018
P2017/4939/S73	Bunhill Row	EC1Y 8LZ	Bunhill	Started	10/09/2018
P2017/3103/ful	Finsbury Street	Ec2y 9ar	Bunhill	Not Started	12/09/2018
P2016/4298/FUL	Turnmill Street	EC1M 5SY	Clerkenwell	Not Started	01/10/2018
P2016/3353/FUL	Great Sutton Street	EC1V 0BX	Bunhill	Not Started	17/12/2018
P2017/3081/ful	Essex Road	N1 3qp	Canonbury	Not Started	15/01/2019
P2016/3894/FUL	St John Street	EC1V 4JS	Bunhill	Not Started	29/01/2019
P2015/3136/FUL	Featherstone Street	EC1Y 8RN	Bunhill	Started	04/02/2019
P2017/1969/FUL	Brewery Road	N7 9BG	Caledonian	Not Started	19/02/2019
P2018/0523/FUL	Tabernacle Street & 10-14 Epworth Street	EC2A 4DD	Bunhill	Started	22/02/2019
P2017/3429/ful	Seven Sisters Road	N4 2hx	Finsbury Park	Started	12/03/2019
P2018/1578/FUL	Goswell Road	EC1V 7DY	Bunhill	Not Started	29/03/2019
P2018/1587/FUL	Almeida Street And 128 & 130 Upper Street	N1 1AE	St. Mary's	Not Started	04/04/2019
P2018/1303/FUL	Old Street	EC1V 9HX	Bunhill	Not Started	05/04/2019
P2018/1671/FUL	St John's Square	EC1M 4DS	Clerkenwell	Not Started	01/05/2019
P2018/4058/FUL	King's Cross Road	WC1X 9DF	Clerkenwell	Not Started	13/06/2019
P2017/4339/FUL	Mora Street	EC1V 8BT	Bunhill	Not Started	28/06/2019

3.3 This table demonstrates that 23 (62%) of the 37 schemes are located in the south of the Borough, in Clerkenwell and Burnhill wards.

3.4 There has only been a single solely commercial application in Finsbury Park ward, on the Seven Sisters Road (P2017/3429/FUL), which is delivering a substantial hotel led development.

3.5 Of the three commercial developments in the wards adjacent to Finsbury Park, two are in Highbury West, P2015/1455/FUL and P2017/1383/FUL. These deliver new hostel and additional office accommodation on an existing building.

3.6 These applications allow us to conclude that the requirements for new commercial space are mainly focussed on the south of the borough, in the Central Activities Zone (CAZ). Commercial developments in the north of the Borough are in general remodelling or expansion of existing facilities. There are no recent standalone commercial developments offering smaller units, from which we could draw the conclusion that there is no obvious demand for the market to meet.

4.1 Recent smaller scale commercial-led residential consented schemes

4.2 We reviewed applications for smaller commercial led residential developments in the Borough (with circa 11 units or less), having reviewed all schemes that comprise residential mixed with other uses, there are 6 consented which comprise 7 units or fewer.

Application number	Scheme Address	Post Code	Development status	Residential units	Commercial floor space	Site size (m2)	Date of consent
P2014/2950/FUL	Benjamin Street	EC1M 5QL	Started	4	2922	2520	01/05/2016
P2016/1344/FUL	Melody Lane	N5 2BQ	Not Started	5	1419	1940	18/05/2018
P2016/4721/FUL	White Lion Street	N1 9PD	Not Started	6	3867	1600	30/10/2017
P2014/1103/FUL	Tabernacle Street	EC2A 4LU	Started	6	8578	2710	09/08/2016
P101833	City Road	EC1V 9UN	Started	6	33000	4100	01/01/2014
P2014/0373/FUL	Clerkenwell Road	EC1M 5RJ	Started	7	7530	971	01/03/2016

Of these 6 we understand that 4 schemes have developed.

4.4 This data demonstrates that where there are schemes with a mix of residential and other uses, that the commercial is the predominant use, with their predominant location set south of the Borough.

4.5 Indeed, with the exception of White Lion Street, all are situated in the south of the Borough, in Bunhill and Clerkenwell wards, where the development economics are likely to be considerably different to those of Finsbury Park. This is highly likely to correlate to the fact that the higher demand for such types of smaller mixed-use development is because these wards are located in the Central Activities Zone area, where commercial space values are sold at a higher premium (per square foot), therefore, making such projects more commercially viable to implement.

4.6 It is also clear that the size of the sites delivering such mixed used projects are considerably larger than 1 Prah Road, with the smallest measuring 971m2.

4.7 In regards to other/larger mixed use projects, there is then a large gap in amount of residential units consented, with the next smallest mixed use scheme delivering 26 flats, which we understand has yet to commence. There are also consented schemes for 35 and 40 residential units in Bunhill and Highbury East which do not seem to have come forward at present.

5. 1 Minor Residential Planning applications

5.2 In order to establish a comparison for the requirements of the site at 1 Prah Road (taking account minimum residential development intelligence issued by the team), we looked for comparable applications permitted in the north of the Borough.

Application number	Scheme Address	Post Code	Development status	Residential units	Commercial units	Site size (m2)	Date of consent
P2013/2849/FUL	Fonthill Road	N4 3JH	Started	9	4	556	26-11-2013
P2014/1522/FUL	Moray Mews	N7 7DY	Completed	8		1040	21-07-2014
P2016/0745/FUL	Goodwin Street	N4 3HQ	Not Started	3	1	210	09-02-2017
P121068	Corsica Street	N1 1JG	Started	6		288	08-05-2014
P2015/2584/FUL	Blythwood Road	N4 4EU	Started	9		288	08-06-2016
P2012/0419/FUL	Campdale Road	N7 0ED	Completed	7		592	29-05-2014
P2015/2564/FUL	Tremlett Grove	N19 5JX	Completed	3		90	28-10-2015
P2014/4555/FUL	Crayford Road	N7 0ND	Completed	3		150	01-10-2015
P2016/3134/FUL	Hilldrop Lane	N7 0HN	Started	9		64.3	28-03-2017
P2013/4924/FUL	Sparsholt Road	N19 4EL	Started	8		550	10-04-2014
P2014/0483/FUL	Blenheim Court	N19 1XX	Completed	4		400	04-03-2015
P2015/4888/FUL	Hornsey Road	N7 6RA	Not Started	1		100	28/03/2019
P2017/1889/FUL	Seven Sisters Road	N7 7PL	Not Started	5	3	500	21/03/2019
P2018/3887/FUL	Stroud Green Road	N4 3EF	Not Started	1		180	14/03/2019
P2018/1452/FUL	Hornsey Road	N7 6RA	Not Started	9		720	18/07/2019
P2018/2931/FUL	Holloway Road	N7 6JD	Not Started	2		90	14/08/2019

5.3 What is clear from this table is that in general schemes of a comparable or larger site area that 1 Prah Road have been brought forward as solely or predominantly residential, with no requirement for other uses.

5.4 We can see that of the 16 schemes detailed above, 7 are of comparable or larger size than 1 Prah Road, yet only two delivered a non-residential use.

5.5 The scheme on Fonthill Road delivers 4 commercial (retail) units, however it is situated in a more obvious “high street” location, which the site on Seven Sisters road also has in common.

6.1 Current submitted planning applications

6.2 We have also reviewed currently submitted planning applications for similar developments. These include residential conversions as well as new build schemes.

6.3 Of these 1 is for 6 units or fewer, with 3 comprising 26 to 218 units.

6.4 This information indicates that there is little commercial desire to develop mixed use, residential led schemes that approach the affordable housing threshold of ten units. This is likely to be due to feasibility issues.

7.1 Demand for non-residential uses in Finsbury Park

7.2 We have undertaken a survey to research demand for commercial uses in the Finsbury Park area, using both available listings and discussions with agents. There are currently 21 office units available with the N4 postcode.

7.3 These range from 263 square feet to up to 25,000 square feet. Rents range from £15 per square foot per annum to in excess of £30 per square foot per annum for high end new build office space.

7.4 A number of these units have been available for 3 months or longer, with some remaining on the market for up to 18 months, which indicates that there is an oversupply of office space at present. We are also seeing reductions from original quoted rents. Both of these factors indicate that the existing commercial market is not at capacity

7.5 Discussions with agents familiar with the office market in the area have reinforced these assumptions, with the majority reporting that the market is quiet, with relatively few enquiries for available stock.

8.1 Conclusions

8.2 Having reviewed the planning and market evidence that we have obtained this far, we are able to draw the following broad conclusions:

- A) The majority of new commercial schemes are being delivered in the south of the Borough.
- B) Smaller schemes delivering both residential and commercial uses tend to be focused in the south of the Borough (within the Central Activities Zone), predominantly led by the commercial element.
- C) The latter situation may be explained by the distinct land use economics which makes it more profitable and viable to bring these types of smaller, mixed use developments forward due to commercial space being let at a much higher premium.
- D) Where schemes with a similar site area to 1 Prah Road have been consented, these schemes are most likely to be solely for residential use.
- E) Whilst it is difficult to quantify, our research indicates that demand for office space in Finsbury Park and it's surrounding areas is currently weak, which demonstrates a current oversupply.

8.3 All planning information has been sourced from the GLA London Development Database and LB Islington's Planning Register.

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