

London Borough Camden Statement on Matter 11: Viability

Please note that where document references are included below, these relate to documents in the Council's examination library which is available to view on the [Council's website](#).

Issue:

Whether the Plan is positively prepared, justified, effective, consistent with national policy and in general conformity with the London Plan in relation to viability.

Questions:

1. **How has the Council ensured that its viability evidence is up to date in line with national policy and guidance and in what ways has the evidence shaped the policy requirements of the Plan?**
 - 1.1 As part of the preparation of the Local Plan, the Council commissioned BNP Paribas Real Estate (BNPPRE) to prepare a viability assessment, in accordance with the requirements of the National Planning Policy Framework and Planning Practice Guidance, to test the Council's proposed policies and ensure that the total/cumulative cost of all the relevant policies is not of a scale that will put at risk the scale of development envisaged in the Plan.
 - 1.2 A Viability Study was prepared to test the viability of the Council's draft Local Plan, and this was published alongside the Plan as part of the Regulation 18 consultation (see EB48 and Appendices EB49 – 55). BNPPRE then undertook additional viability testing to assess the policy changes made following this to the Regulation 19 version of the Draft Submission Camden Local Plan (see EB01 and Appendices EB02 – 08) to ensure that the viability evidence is up-to-date and supports the submitted Plan.
 - 1.3 Where the Viability Study has identified that a policy may have the potential to impact on viability, BNPPRE have recommended that the Council's policies are applied / continued to be applied flexibly, that is, subject to viability. Recognising that for many policies, the approach in the Plan is a continuation of that in the adopted Local Plan, which has been shown to be effective and viable.

1.4 Where relevant, changes have also been made to the wording of policies and/or supporting text to make it clear where requirements are subject to viability. For example, Part A.4 of Policy CC6 Energy use and the generation of renewable energy was updated to state that where a payment in lieu is sought, this is subject to viability and the supporting text to Policy IE4 Affordable Workspace was updated to state that “The Council may also accept a financial payment-in-lieu of provision where evidence is provided demonstrating to its satisfaction why direct delivery of the workspace is not feasible. This may include the provision of evidence relating to viability”.

1.5 In addition to this, BNPPRE has also undertaken a Strategic Site Viability Assessment (EB09) to appraise the viability of four strategic sites in the Plan (Policy S5: 120-136 Camley Street and Policy S6:104-114 Camley Street and Cedar Way Industrial Estate; Policy C2: Regis Road and Holmes Road Depot; and Policy C3: Murphy Site). These sites are considered to be strategic in terms of the scale of housing the Plan anticipates that they will accommodate, and the contribution they would make towards meeting the Plan’s housing target. The other strategic sites in the Plan (namely C7 Morrisons Supermarket and W2 O2 Centre, carpark and car showroom sites and 14 Blackburn Road) were not assessed as part of this work as they are already subject to planning permission.

1.6 The Study concluded that the site allocations tested are developable in the terms defined by the National Planning Policy Framework and that the policies in the Plan build in an appropriate level of flexibility, both specifically where policies have cost implications, as well as identifying an overarching flexible approach.

2. How are the development requirements and principles set out in the Plan’s policies justified, effective and aligned with national policy and the London Plan in relation to:

a) Affordable housing

b) Housing mix

c) On and off site provision of services and facilities, and

d) Financial contributions towards infrastructure?

2.1 In terms of viability, Paragraph 35 of the NPPF 2024 states that:

“Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport,

flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.”

London Plan Policy DF1 Delivery of the Plan and Planning Obligations sets out the Mayor’s approach to the delivery of the London Plan, the consideration of viability and the use of planning obligations.

- 2.2 More detailed guidance is also provided in respect of affordable housing, housing mix, on and off-site provision of services and facilities, and financial contributions towards infrastructure in London Plan Policies: H4 Delivering affordable housing, H5 Threshold approach to applications, H6 Affordable housing tenure, H10 Housing mix and size, S1 Developing London’s social infrastructure, S2 Health and social care facilities, S3 Education and childcare facilities, S5 Sports and recreation facilities, G1 Green infrastructure, SI3 Energy Infrastructure, SI 5 Water infrastructure, SI6 Digital connectivity infrastructure, SI12 Flood risk management, T1 Strategic approach to transport and T9 Funding transport infrastructure through planning.

a) Affordable housing

- 2.3 Local Plan Policy H4 sets out the Council’s approach to maximising the supply of affordable housing. The Policy seeks to do this through a strategic target of 50% affordable housing (in line with the London Plan Policy H4 Delivering affordable housing) applied to developments with a capacity for 16 additional units or more with a preferred tenure split of 60% low-cost rent and 40% intermediate housing. The Policy applies the targets and guideline mix having regard to the London Plan’s housing policies and viability threshold approach where applicable. On sites with capacity for 15 or fewer additional units, Policy H4 applies a sliding scale target starting at 2% with capacity for one additional home and increasing by 2% with capacity for every further additional home.
- 2.4 For consistency with the London Plan, Policy H4 seeks a contribution to affordable housing from all major developments involving housing (those providing 10 or more self-contained homes, or providing a building or buildings creating a floorspace of 1,000 sqm or more to be used for housing). Policy H4 also seeks a contribution from some non-major developments as explained below.
- 2.5 The NPPF advises that affordable housing should only be sought from major developments involving housing. The Planning Inspector who held the examination into the adopted Camden Local Plan concluded that there were specific local circumstances in the case of Camden - in terms of the scale of affordable housing need in the borough and the particular constraints regarding options to increasing housing delivery - to justify a departure from national policy, and supported the approach as justified and deliverable. To this end, it should be noted that the policy has secured the delivery of 1,537 (net) affordable housing completions since

2017/18 and secured over £60 million in financial contributions in lieu of affordable housing provision on-site over the same period. The Council considers that the circumstances set out above still apply, as evidenced by Camden's Local Housing Needs Assessment (EB10) which indicates that around 60% of the anticipated housing supply would be required to meet the need for low-cost rented housing.

- 2.6 Policy H4 maintains the position in the Local Plan 2017, which seeks an affordable housing contribution from all schemes that provide one or more additional homes and also involve a total addition to housing floorspace of 100 sqm GIA or more. This threshold excludes any homes or housing floorspace retained or replaced as part of the development, so in some cases developments exceeding this threshold also fall within the definition of major developments.
- 2.7 The Local Plan Viability Study (EB01) assessed residential schemes with a range of affordable housing from 0% to 50% to test the ability of development typologies to meet the requirements of Policy H4 – Maximising affordable housing supply.
- 2.8 The findings of the Viability Study are set out in Chapter 7 of the Study. These support the Council's proposed approach, which maintains its ambitious target for affordable housing, recognising that target levels will not always be achieved due to site-specific viability issues. This approach is essentially consistent with the existing policy approach both in the adopted Camden Local Plan 2017 and the London Plan, which adopts a threshold approach to affordable housing, and has an explicit route for schemes that cannot provide the threshold level of affordable housing. The threshold percentage itself is set at a lower level for most development (35%) than the London Plan's strategic target of 50%.
- 2.9 It is therefore considered that whilst the approach taken to affordable housing delivery is not in line with national policy, it is justified by local circumstances, given the scale of affordable housing need in Camden¹, and the need to optimise the delivery of new affordable homes to meet this need. The Policy approach is however considered to be in line with the London Plan, as set out in Appendix R of the Council's letter to the Inspector dated the 12 December 2025 (ED03r).
- 2.10 It should also be noted that, as the Council's housing and affordable housing policies are broadly maintaining a similar approach to seeking affordable housing as that in the current Local Plan, the majority of the policy requirements are already embedded in the market, and the Council is not seeking to change the status of requirements for the market significantly.

¹ Camden's Local Housing Needs Assessment (EB10) indicates that around 60% of the anticipated housing supply would be required to meet the need for low-cost rented housing.

- 2.11 Further information on how the Council will apply Policy H4 is set out in the supporting text to the policy. Key paragraphs to note are paragraph 7.154 and paragraph 7.157 which set out how the Council will consider viability when negotiating affordable housing.
- 2.12 It is therefore considered that the approach taken to affordable housing, in relation to viability, is justified.

b) Housing mix

- 2.13 Policy H6 sets out the Council's approach to housing choice and mix. The Policy aims to minimise social polarisation and create mixed, inclusive, sustainable and multi-generational communities by seeking a variety of housing suitable for Camden's existing and future households, having regard to household type, size, income and any particular housing needs. This is in line with both national policy (paragraph 63 of the NPPF 2024) and the London Plan (Policy H10 Housing size and mix).
- 2.14 The Viability Study (EB01) accordingly tests a range of housing types and mix of units in line Council's priorities, including build to rent and purpose-built student accommodation typologies, which are detailed in Section 4 of the Viability report (Appraisal Assumptions). The results of the testing are then set out in Section 6 of the Viability report, with the Viability Study concluding that the appraisal results support the proposed policies in the Plan.
- 2.15 Seeking a range of housing types, sizes, accessibility and affordability will help the Council deliver the ambitions set out in We Make Camden to meet the needs of Camden's diverse communities by tackling inequality, addressing overcrowding, creating sustainable and resilient neighbourhoods, improving health and wellbeing, and securing a supply of housing suitable for individuals and families on low and middle incomes. As discussed in the Plan paragraphs following Policy H1 (Maximising Housing Supply), the Council also recognises that diversity of housing supply will help us to maximise housing delivery.
- 2.16 The Council will consider the opportunities presented by each site to contribute to the overall mix of housing types required to meet the general and particular needs of existing and future households. We will consider all the needs identified by Policy H6, including those addressed in detail by Policies H7, H8, H9 and H11 in the Plan.
- 2.17 By increasing the diversity of housing types available in the borough, such as adding to the supply of build to rent housing and purpose-built student accommodation, the Council seeks to provide additional options for households currently competing for the existing stock of private rented housing. By providing alternative housing options

for people who would otherwise share a home with other students or unrelated adults, the Council aims to free up relatively low-cost market housing suitable for families with dependent children. Whilst build to rent housing and purpose-built student accommodation tends to be more expensive than lower-quartile rents in the existing private rented stock, they may reduce the competition for existing market homes to rent, and so alleviate the upwards pressure on rents.

2.18 It is therefore considered that the approach taken to housing mix, in relation to viability, is justified.

c) On and off site provision of services and facilities

d) Financial contributions towards infrastructure

2.19 This response seeks to address parts c and d of question 2 together. Policy SC3 sets out the Council's approach to the provision of social and community infrastructure. The Policy states that: "The Council will seek planning obligations to secure contributions towards new and improved social and community facilities and services to mitigate the impact of development."

2.20 Furthermore, Policy DM1 Delivery and Monitoring sets out the Council's overarching approach to delivering the strategy set out in the Plan. Part A.4 of the Policy states that the Council will:

"...use the Community Infrastructure Levy, planning contributions and legal agreements where appropriate to:

- a. support healthy and sustainable development;
- b. secure infrastructure, facilities and services to meet the needs generated by development;
- c. mitigate the impact of development."

2.21 The Local Plan's area policies and site allocation policies also set out development and design principles and infrastructure requirements, with these either to be provided on-site or secured through a Section 106 legal agreement. The approach taken is therefore in line with both national policy (paragraph 35 of the NPPF 2024) and the London Plan (Policy S1 Developing London's social infrastructure and Policy DF1 Delivery of the Plan and Planning Obligations).

2.22 The Local Plan Viability Study (EB01) takes account of both the Community Infrastructure Levy (CIL), including the Mayoral CIL, and residual Section 106 contributions as appropriate, on the assumption that these will contribute towards the provision of infrastructure, including the delivery of services and facilities. Actual amounts of Section 106 contributions will however be subject to site-specific

considerations and negotiations when schemes are brought forward through the development management process.

- 2.23 In order to allow for an appropriate Section 106 contribution in the viability testing work, the Council analysed the financial contributions secured through section 106 agreements signed over the last five years. This data identified an average residual Section 106 requirement of circa £8,000 per unit for residential schemes and circa £30 per sq m for commercial uses which BNPPRE adopted in their appraisals.
- 2.24 In addition to this, the strategic sites viability work (EB09) tested the delivery of mixed use developments across four large site allocations. This included the provision of some services on-site and also included allowances towards CIL (including Mayoral CIL) and Section 106.
- 2.25 The findings of the Viability Study (EB01) support the policies in the Plan and show that they can be viably provided in some circumstances, although not all. The Study notes however that the “lack of viability in some of the various circumstances we have tested does not mean that policies should be scaled back or abandoned; merely that when those particular sites come forward, a degree of flexibility will need to be applied. This reflects current practice in the Borough and also reflects the approach taken in the London Plan.” (page 114/115)
- 2.26 It is therefore considered that the flexible application of the Council’s policies will allow development to come forward whilst ensuring that where there is a prospect of viability improving prior to, or during, the delivery of the development, that the Council is able to secure the reassessment of viability over the lifetime of the development.
- 2.27 Given this, it is considered that the approach taken to the on- and off-site provision of services and facilities and financial contributions towards infrastructure, in relation to viability, is justified.
- 2.28 Taking this into account, it is therefore considered that the development requirements and principles set out in the Plan’s policies in relation to affordable housing, housing mix, on and off site provision of services and facilities and financial contributions towards infrastructure are effective, as they will allow development to come forward over the lifetime of the Plan and deliver over market cycles.
- 3. How has the Council ensured that typologies chosen reflect the scale and nature of likely development, particularly in lower value or high existing use value locations?**

3.1 The Council's Viability Study (EB01) appraised 16 residential development typologies. These are set out in the table below.

Typology No.	Number of units	Housing type	Dev Density (units per ha)	Net Dev Area (ha)
Resi 1	4	Houses	89	0.05
Resi 2	6	Flats	300 200	Zone A – 0.02 Zones B and C - 0.03
Resi 3	9	Flats	360	0.03
Resi 4	10	Flats	550	0.02
Resi 5	13	Flats	500	0.03
Resi 6	15	Flats	400	0.04
Resi 7	18	Flats	475	0.04
Resi 8	20	Flats	200	0.10
Resi 9	30	Flats	300	0.10
Resi 10	50	Flats	350	0.14
Resi 11	60	Flats	425	0.14
Resi 12	75	Flats	380	0.20
Resi 13	135	Flats	130	1.04
Resi 14	150	Flats	550	0.27
Resi 15	200	Flats	700	0.29
Resi 16	575	Flats	200	2.88

3.2 The typologies have been chosen in accordance with Planning Practice Guidance and reflect the range of type, density and value of development across the borough, including that in lower value and high existing use value locations.

3.3 In arriving at these typologies, the Council considered historic planning applications and knowledge of anticipated future development within the borough, including the Council's five year housing land supply. The typologies are therefore reflective of developments that have been recently consented / delivered across the borough as well as those expected to come forward in the borough in the future (including in lower value and high existing use value locations).

4. The Viability Study identifies that when all policy requirements are applied some schemes in lower value zones move into negative residual land value. How will the Plan ensure that the cumulative cost of all policy requirements does not undermine the deliverability of the Plan's objectives?

4.1 The Local Plan has been drafted to ensure that the cumulative cost of policy requirements does not undermine the deliverability of its objectives. The policies in the Plan contain appropriate flexibility and are worded to enable scheme viability to be considered on a case-by-case basis where appropriate.

4.2 The Viability Study of the Plan (EB01) notes that when considering the outputs of the appraisals, it is important to clearly distinguish between (1) schemes that are unviable regardless of the Council's policy requirements, and (2) schemes that are viable prior to the imposition of policy requirements. As, if a scheme is unviable prior to the imposition of policy requirements, it is unlikely to come forward regardless of the policy requirements in the Plan. Schemes which are unviable will only become viable following an increase in values. Until that point, sites will remain in their existing use.

4.3 Recognising the complexities of development in Camden, the Local Plan appropriately allows for the flexible implementation of the Council's policies. For example, Paragraph 7.226 of the Plan notes that "the Council intends to be flexible in pursuit of its policy objectives, and will take into account the findings of our monitoring of housing supply in the light of economic circumstances".

4.4 Furthermore, paragraphs 15.34 to 15.36 of the Plan also seek to address this issue and state:

"15.34 The Local Plan needs to be flexible enough to ensure that the Council's vision and objectives for Camden can be delivered in future years despite changing circumstances. This is particularly important with regards to delivering our approach to Camden's growth and meeting the borough's needs for homes, jobs, services and infrastructure.

15.35 There is a need for sensitive and flexible implementation. However, while our plans must be suitably flexible, it is vital that the level of flexibility does not create uncertainty, or harm the overall delivery of the Local Plan. This Local Plan has therefore been prepared to be flexible enough to cope with a changing world, while ensuring our vision and objectives for the borough are delivered.

15.36 Sometimes the Local Plan's implementation will rely upon appropriate alternative or amended approaches to deal with emerging issues and changing circumstances. Individual policies in this Local Plan include an element of flexibility where appropriate, in particular in relation to the consideration of the viability of development schemes, the feasibility of particular measures and site-specific issues."

4.5 The Viability Study (EB01) notes that some policies in the Plan will have the potential for an impact on viability. However, in these instances the policies in the Plan have been amended to take into account the findings of the Viability Study to ensure that scheme viability is considered. For example, Policy CC6 Energy use and the generation of Renewable Energy adopts a reasonable cascade mechanism whereby, if "it can be demonstrated to the Council's satisfaction that it is not feasible for the amount of energy generated in a year through onsite renewable energy production to

match the predicted annual energy demand of the building, a payment in lieu will be sought". The policy goes on to qualify that "The payment in lieu should be related to the scale of the shortfall" and that this will be "subject to viability".

4.6 It is therefore considered that the flexible application of the Council's policies will allow development to come forward whilst ensuring that where there is a prospect of viability improving prior to, or during, the delivery of the development, that the Council is able to secure the reassessment of viability over the lifetime of the development. This is in line with the Planning Practice Guidance and helps to ensure the delivery of development whilst also securing policy compliance and optimal public benefits through economic cycles.

5. What does the evidence show about the impact of the Plan's policy requirements on the viability and deliverability of allocated sites and has this been addressed to ensure the Plan is sound?

5.1 Paragraph 003 of the Viability Planning Practice Guidance states that...

"Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence. In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies."

5.2 Given this the Viability Study (EB01) appraises a range of development typologies, which are representative of development across Camden to assess the cumulative impact of the Plan's policies on viability, rather than focussing on individual site allocations.

5.3 The Viability Study (EB01) notes that some policies in the Plan will have the potential for an impact on viability. However, in these instances the policies in the Plan have been amended to take into account the findings of the Viability Study to ensure that scheme viability is considered. It is therefore considered that the flexible application of the Council's policies will allow development to come forward whilst ensuring that where there is a prospect of viability improving prior to, or during, the delivery of the development, that the Council is able to secure the reassessment of viability over the lifetime of the development.

5.4 In addition to the Viability Study of the Local Plan (EB01), BNPPRE also undertook an assessment to consider the viability of four strategic sites in the Plan (Policy S5: 120-136 Camley Street and Policy S6:104-114 Camley Street and Cedar Way Industrial Estate; Policy C2: Regis Road and Holmes Road Depot; and Policy C3:

Murphy Site) (EB09). These sites are considered to be strategic in terms of the scale of housing the Plan anticipates that they will accommodate, and the contribution it would make towards meeting the Plan's housing target. The other strategic sites in the Plan (namely C7 Morrisons Supermarket and W2 O2 Centre, carpark and car showroom sites and 14 Blackburn Road) were not assessed as part of this work as they are already subject to planning permission.

- 5.5 The viability testing of the allocated sites reflects a similar picture of viability as the typology testing, in that the Study identifies that viability can be challenging where the value of the existing uses on the site are high and the sales values on the new development are not at the upper end of achievable values. This is particularly true of the Regis Road and Holmes Road Depot site (C2) in Kentish Town.
- 5.6 The Council anticipates that this site will come forward as two parcels/phases of development. The owner of the majority of the sites forming the Western Parcel has submitted a planning application to take forward the development of their site, whilst the Council anticipates that the Eastern Parcel will come forward towards the end of the Plan period.
- 5.7 It is anticipated that, over the plan period, the market will improve with build cost inflation stabilising to a more typical rate of increase, lower interest rates and residential sales values showing a return to growth. This is supported by Savills January 2026 forecasts, which show growth of 8.1%, 12% and 13% for Prime Central London, Outer Prime London and Mainstream London markets respectively between 2026 and 2030 (ND31).
- 5.8 The Viability Study concluded that the site allocations tested are developable in the terms defined by the National Planning Policy Framework and that the policies in the Plan build in an appropriate level of flexibility, both specifically where policies have cost implications, as well as identifying an overarching flexible approach. It is therefore considered that the flexibility in the policies in the Plan in terms of feasibility and viability will ensure that the identified strategic sites will be able to come forward as planned. The Plan is therefore sound.