

London Borough of Camden

Euston Area Plan Viability Assessment

January 2026



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1. Executive Summary

- 1.1 This Executive Summary is intended to be a non-technical summary that succinctly explains the approach taken to the viability assessment of the Euston Area Plan ('EAP'), key findings and conclusions. The EAP sets out policies and guidance for the development of land at and surrounding Euston Station, aiming to maximise the benefits that development can bring to the area. The EAP recognises the strategic nature of Euston Station as a hub and the potential for significant development of residential and commercial uses.
- 1.2 London Borough of Camden ('Camden') has commissioned this Viability Assessment to provide an understanding of the ability of sites to accommodate the cumulative requirements of the Euston Area Plan alongside other adopted policy. This assessment considers the requirements set by the National Planning Policy Framework 2024 ('NPPF'), Planning Practice Guidance ('PPG') and Royal Institution of Chartered Surveyors ('RICS') Guidance.

ECONOMIC CONTEXT

- 1.3 The development industry in London has faced growing pressure over the past five years. Costs have increased, driven by factors including inflation and building safety regulations. Meanwhile residential values in many markets have seen reductions driven by factors including a higher interest rate environment and changes in landlord taxation and regulation. A recent written ministerial statement by Steve Reed (23rd October 2025) acknowledged these pressures on residential development and announced a package of measures that aim to support housebuilding and the delivery of affordable homes in the short-term.
- 1.4 The commercial office market saw increased vacancies and higher yields post 2020, although more recently space in central London markets is starting to see greater uptake, with a reduction in yields and some agents forecasting shortages. Base rates have also seen recent successive cuts, which should reduce finance costs and borrowing costs to residential buyers.
- 1.5 It is important to note the cyclical nature of property markets. While this viability assessment is a point in time exercise, the potential for improvements or deteriorations in market conditions are tested via sensitivity analysis recognising the long-term nature of the EAP (up to 2051). Value growth forecasts and placemaking data set out in the full report highlight the role this could play in aiding deliverability over the lifetime of a scheme.

POLICY CONTEXT

- 1.6 The EAP aligns to current London Plan Policy and draft New Local Plan policy in adopting a strategic target of 50% affordable housing. It is noted that many of the sites in the EAP area are public land, therefore London Plan policy H5 would apply a 50% fast track threshold to these sites. Other policies include an affordable office requirement and master planning principles. The London Plan, Camden policy and the EAP allow flexibility in the application of policy through viability testing of schemes

beyond plan making stage. While Paragraph 59 of the NPPF notes that "weight to be given to a viability assessment is a matter for the decision maker", sections 5.1 and 5.6 of the EAP make clear the expected role of ongoing viability assessment given the complexity of the scheme and uncertainty in factors including enabling costs. Section 5.1 of the EAP notes "*Flexibility of implementation, consideration of wider costs associated with delivery of constrained sites, and adapting to economic and market circumstances, will be vital in the delivery of this Plan*" and that "*the assumptions made on costs will continue to be reviewed enabling the viability to be reviewed as additional information on costs is available, this includes throughout the pre-app and application process. Information will need to be shared in an open and transparent manner to allow for an approach which accounts for the complexity of the project*". This viability assessment therefore considers the impact of applying this policy flexibility, in addition to base viability appraisal results reflecting strategic policy ambitions.

METHODOLOGY

- 1.7 The viability assessment uses a residual land value approach, which aligns to guidance and best practice. In this approach the total costs of development are deducted from the total value that the completed development would generate. The output is a residual land value, which is compared to a benchmark land value. If the residual value is greater than the benchmark it is considered that a landowner would release the site for development and it is therefore viable.
- 1.8 This assessment focuses on the strategic sites that form part of the Euston Masterplan area, as these will be most affected by the extraordinary enabling costs. Given the unique nature of these sites there is significant uncertainty over the level of enabling costs that would be incurred. It is expected that equalisation approaches will be important to bringing the sites forward for development, which is referenced in Development Principle EAP 3 that notes: "*New development above and around the station and tracks to the south of Hampstead Road should be linked to and support development in this area (Camden Cutting)*".
- 1.9 Uncertainty in enabling costs and this potential for equalisation have influenced the assessment approach, which considers the viability of masterplan sites on an overall basis as a starting point. The total residual value from the sites is combined, then compared against the total enabling costs and an assumption on benchmark land value. This output aims to provide an overall understanding of the ability of development to be viable and deliverable, assuming a masterplan approach to development where enabling costs can be equalised across the sites.
- 1.10 Example individual sites are also separately tested to provide an understanding of how deliverability and cashflow could be impacted if more or less enabling costs fall on a development phase. Sites expected to fall outside a masterplan or equalisation approach are also considered separately.

APPRAISAL ASSUMPTIONS

- 1.11 Three illustrative development options are tested, which represent different levels of overall floorspace. Each option includes both residential and office development, with office development

focused on the Euston Station sites. It is noted that landowners are still carrying out masterplanning which may differ from the tested illustrative options.

- 1.12 The assumptions adopted in the appraisal have been arrived at based on benchmarking a range of strategic schemes across London, professional databases, market information and early engagement with landowners. Enabling costs are adopted based on the best information currently available, which is subject to a high level of uncertainty. The EAP acknowledges this uncertainty as a current limitation, noting in section 5.1 that "*these extraordinary costs, which are associated with enabling development add both challenges but also substantial opportunities. These costings will continue to be refined*".
- 1.13 Property markets are also cyclical, with the development industry currently facing a range of challenges noted above. Over the life of the plan, and timeline of development, economic conditions are expected to fluctuate. The level of future house price growth and cost inflation will therefore play an ongoing role in viability.
- 1.14 Given the uncertainty in key assumptions and expected variation in economic conditions, the assumptions should be considered point in time figures which will be subject to ongoing change going forward. Sensitivity testing provides a high-level understanding of the potential viability of the sites in a range of present day and future scenarios.

RESULTS AND CONCLUSIONS

- 1.15 The results of the assessment, based on the current assumptions which carry uncertainty, identify that all three development options would be unable to viably deliver 50% affordable housing alongside 20% affordable commercial. This position is also true of the individually tested sites. Further results then consider the use of flexibility allowed in policy, with lower levels of affordable housing and affordable office tested. The results demonstrate the effectiveness of flexible application of policy in ensuring deliverability of two of the development options, with reductions in affordable housing and affordable office allowing the tested options to arrive at a viable position.
- 1.16 One exception is Option 1, a significantly lower density scenario, which would also require placemaking value, additional funding or grant to be viable. The role of density in aiding viability is therefore shown as important, as it allows the 'fixed cost' of enabling works to be shared by a greater amount of floorspace. Policy flexibility in this area could be used to offset flexibility applied in policy areas such as affordable housing.
- 1.17 Further sensitivity testing illustrates the impact of changing costs and values, as well as potential placemaking value. This testing identifies how the scheme could be impacted by changing market conditions going forward and the role growth could play in enabling viability over the life of the plan to 2051.
- 1.18 The illustrative testing of individual sites shows that residential sites have a challenging viability position under current assumptions, reflective of current costs and the market cycle. While they can provide a limited element of affordable housing without enabling costs, if these sites are required to

fund enabling costs, viability is challenged. Commercial sites are more viable and are able to fund a greater proportion of enabling costs. These tests illustrate the impact of a greater level of enabling costs falling on individual phases, as well as the mix of phases being important. It is recommended that when viability is considered going forward, as expected by the EAP, a programme wide cashflow approach be adopted as soon as the information is available to inform further analysis in this area. This approach will allow the cashflow impact of phasing decisions to be understood.

- 1.19 Together the analysis shows the flexible application of policy supported by the EAP would ensure deliverability in a range of circumstances. Given the unique and strategic nature of the scheme, significant uncertainty in assumptions is however likely to perpetuate to application stage. There is a risk that protracted negotiation at this late stage delays delivery, hindering starts on site that will be key to delivering benefits. Early engagement to agree a bespoke approach may be beneficial to outcomes for both landowners and Camden.
- 1.20 Applying flexibility in a bespoke way could play a role in mitigating the challenges of extra ordinary enabling costs and maximise overall delivery. Other strategic sites in London that have required abnormal enabling works have taken a bespoke programme approach to viability, which is agreed upfront rather than sites being considered in isolation at application stage. As part of such a programme approach, delivery of planning obligations could be considered across the lifetime of the programme, with flexibility during periods of high risk and cost. Review mechanisms could be used to ensure any upside is shared. The conclusion discusses this and other opportunities to maximise delivery further.

NOTES ON OUR ADVICE

- 1.21 In preparing this viability report we have had regard to the RICS Professional Standard Note 'Assessing viability in planning under the National Planning Policy Framework for England 2019' (March 2021), as well as Planning Practice Guidance and statutory requirements. Greater weight has been given to statutory planning guidance where conflicts exist, which aligns to the principles included in the Professional Standard.
- 1.22 In carrying out this assessment we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.
- 1.23 We are not aware of any conflicts of interest in relation to this viability assessment. This report is addressed to the London Borough of Camden only.
- 1.24 In preparing this report no performance related or contingency fees have been agreed.

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2. Introduction

- 2.1 London Borough of Camden ('Camden') has commissioned this Viability Assessment to provide an understanding of the ability of sites to accommodate the requirements of the updated Euston Area Plan ('EAP') policies cumulatively alongside those in the Draft new Local Plan (2025), the London Plan (2021) and local and Mayoral CIL charging schedules.
- 2.2 The EAP was adopted by Camden Council and the GLA ('Greater London Authority') in 2015 and forms part of the Development Plan, it is currently being updated to reflect changing circumstances since its adoption. The document sets out policies and guidance for the development of land at and surrounding Euston Station, aiming to maximise the benefits that development can bring to the area. The EAP recognises the strategic nature of Euston Station as a hub and the potential for significant development of residential and commercial uses.
- 2.3 This Viability Assessment will form part of Camden's evidence base for the EAP Update, satisfying requirements for viability to be considered at Plan Making stage noted in the National Planning Policy Framework ('NPPF') and Planning Practice Guidance ("PPG"). A residual valuation approach is adopted to testing the viability of sites to come forward for development. The assessment focus on the strategic sites related to the Euston Masterplan, which are most affected by enabling costs. Wider site typologies that are not affected by these costs are not considered as part of this report. General typologies have been tested as part of the Draft new Local Plan 2025 viability assessment conducted by BNPP, with the EAP placing limited additional policy burden on these sites.
- 2.4 It is important to note that, given current uncertainty in the approach to station redevelopment and masterplanning, the development ultimately delivered could be significantly different to that which is tested. The report aims to provide a reasoned understanding of the potential for development to proceed in a range of circumstances. Given the nature of assumptions available at this time, particularly on enabling costs, the results should be considered high level and not relied upon to inform any site-specific assessment of viability at application stage. These limitations of this study are echoed in Sections 5.1 and 5.6 of the EAP which make clear the expectation that further viability assessment will be required going forward. Section 5.1 of the EAP notes that "*the assumptions made on costs will continue to be reviewed enabling the viability to be reviewed as additional information on costs is available, this includes throughout the pre-app and application process*". This approach aligns to PPG guidance on viability which provides examples of circumstances where viability should be assessed at decision-taking stage, one of which is when further information on infrastructure or site costs is required (Paragraph: 007 Reference ID: 10-007-20190509).
- 2.5 The EAP also notes that the flexible implementation of policy will be important going forward. Section 5.6 of the EAP notes that "*Flexibility of implementation, consideration of wider costs associated with delivery of constrained sites, and adapting to economic and market circumstances, will be vital in the delivery of this Plan*". The support for flexibility in the EAP is key context that this assessment

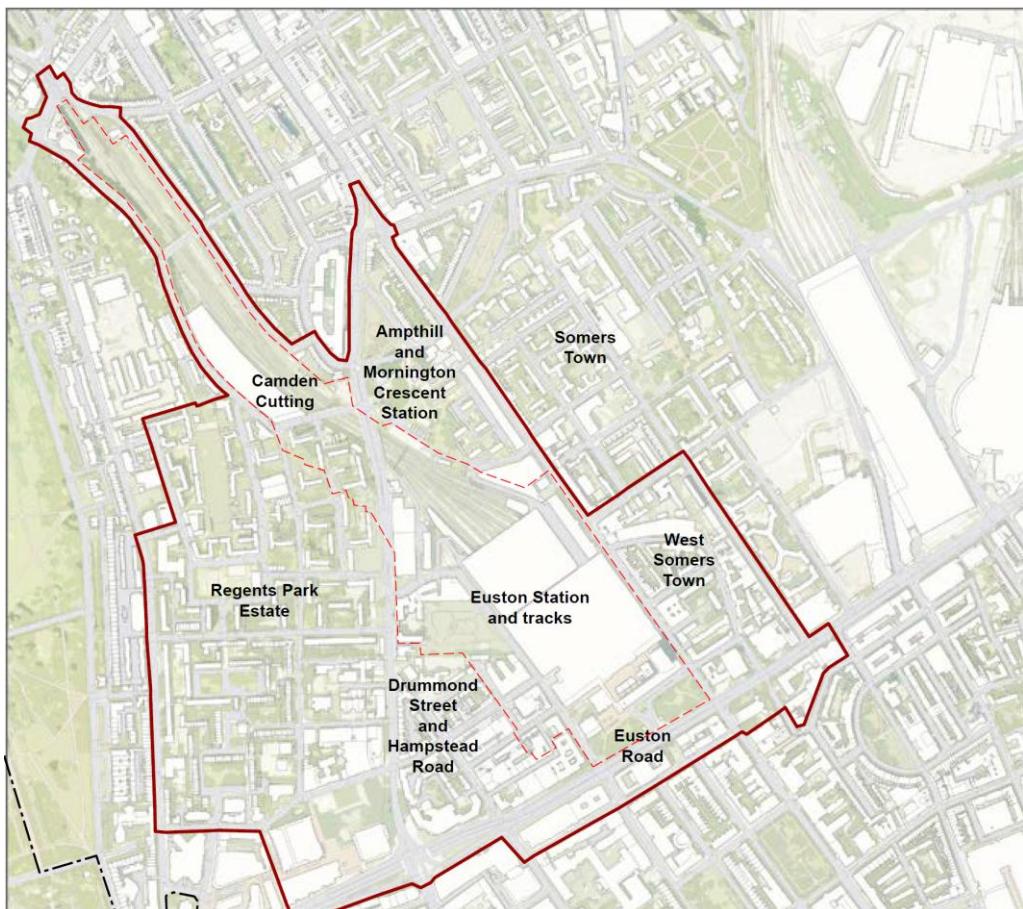
considers alongside the uncertainty in enabling costs, with sensitivity testing used to illustrate how policy flexibility could enable delivery on plots where viability would otherwise be challenging going forward.

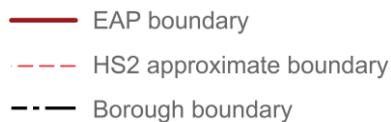
DESCRIPTION OF EAP AREA

2.6 The EAP covers the area around Euston station, where there are varying characters, as noted in Figure 2.1. These areas include the currently commercial focused Euston Station and Euston Road, as well as areas comprising of predominantly residential development. The variation across the area is reflected in the nature of development that would be appropriate and therefore is adopted in the testing of strategic sites. This viability study focuses on the station masterplan sites, given these are likely to be strategic in nature, subject to material enabling costs and affected in design terms by the EAP.

2.7 It is envisaged that the area has significant capacity for development and is well positioned to be brought forward with an approach that maximises the benefits of factors including improved public realm, level of activity, amenity uses, quality of design and transport connectivity. Such an approach may require upfront investment, while previous studies have identified that placemaking value can be generated by large well planned redevelopments that invest in public realm and high quality space, which would help support viability. Placemaking value is discussed further in the following sections.

Figure 2.1 EAP Character Areas





Source: Draft Euston Area Plan 2025

CONTENTS OF REPORT

2.8 The remainder of this report is set out as follows:

- **Section 3 Economic Context** - provides an understanding of the economic context that the appraisal is being carried out in, focusing on factors affecting viability.
- **Section 4 Policy Context** - identifies policies and guidance that inform the approach to this viability assessment, as well as those that add to the cumulative policy requirement.
- **Section 5 Methodology** - sets out the approach taken to viability assessment in this report.
- **Section 6 Appraisal Assumptions** - identifies the assumptions that are adopted in the viability appraisal.
- **Section 7 Appraisal Results** - notes the results of the appraisals, including scenario and sensitivity testing, and the implications of this on the viability of the EAP.
- **Section 8 Conclusion** - sets out conclusions that can be drawn from the results.

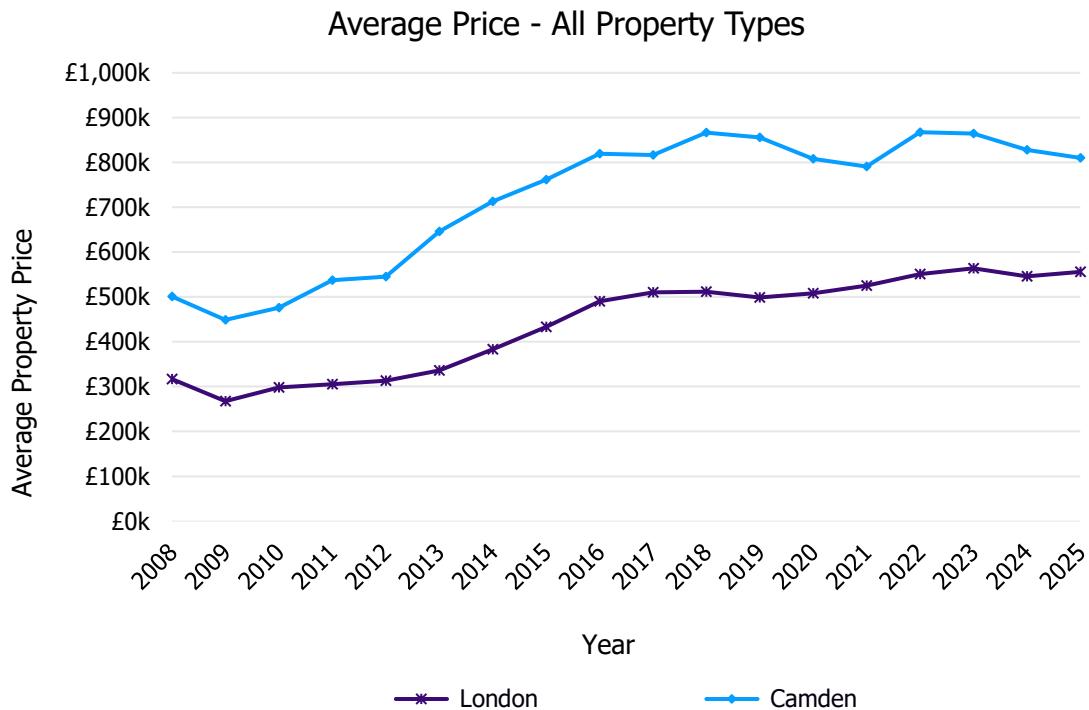
3. Economic Context

- 3.1 This section considers current data on factors that affect development viability, to provide context to the assumptions adopted. The analysis also aims to provide an understanding of how assumptions change through market cycles.
- 3.2 The development industry in London has faced growing pressure over the past five years. Costs have increased, driven by factors including inflation and building safety regulations. Meanwhile residential values in many markets have seen reductions driven by factors including a higher interest rate environment and changes in landlord taxation and regulation. A recent written ministerial statement by Steve Reed (23rd October 2025) acknowledged these pressures on residential development and announced a package of measures that aim to support housebuilding and the delivery of affordable homes in the short-term. The commercial office market saw increased vacancies and higher yields post 2020, although more recently space in central London markets is starting to see greater uptake and a reduction in yields. Anecdotally companies are increasingly deciding against office moves due to shortage of supply. Base rates have seen recent successive cuts, which should reduce both finance costs and borrowing costs to residential buyers.
- 3.3 Current market conditions should be viewed in the context of the cyclical nature of property markets, as well as forecasts for factors including inflation, interest rates and market values.

RESIDENTIAL VALUES

- 3.4 Residential values fluctuate over time due to economic conditions, supply and demand, and shifts in neighbourhood desirability. Following the 2008 global financial crisis house prices in Camden and London saw increases until around 2019, during what was a low-interest rate environment. Since then, the picture across Camden and London has been mixed, with Camden experiencing more pronounced fluctuations. A steep rise in interest costs in 2023, which reduces affordability for buyers, was accompanied by a softening in both markets. Policy changes affecting the landlord sector have also been accompanied by increasing stock coming to market and reduced demand.
- 3.5 There is nuance in the underlying data, with newbuild values in Camden rising over the past year. This signifies an opportunity for new stock that is of a modern specification to outperform the wider market.

Figure 3.1 Average Home Prices – London & Camden

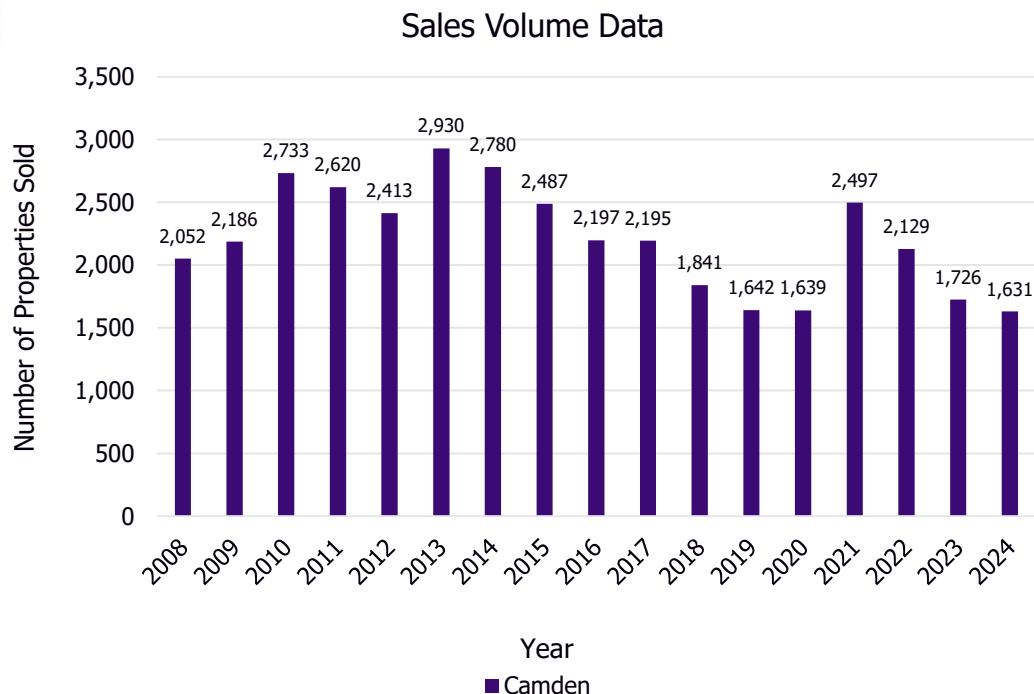


Source: House Price Statistics - UK House Price Index

RESIDENTIAL TRANSACTION VOLUMES

3.6 The level of transactions is also a key consideration. A thin market may challenge the ability of large newbuild projects to deliver, even in circumstances where capital values are maintained. Sales volume data offers insight into market activity and buyer demand by tracking the number of properties sold within a given timeframe. In Camden, sales peaked in 2013 before gradually declining over the following years. Activity grew again in 2021, likely driven by market shifts during the COVID-19 pandemic. Recent data shows a slower market compared to the average over the past 15 years, suggesting the current cycle being in a downturn.

Figure 3.2 Sales Volume Data for London Borough of Camden



RESIDENTIAL VALUES FORECASTS

3.7 Forecasts of changes in prices of housing and construction are inherently uncertain, although the main agents are aligned in suggesting that values will increase over the next four years. The following tables show that, across a range of market geographies that Camden sits within, double digit cumulative growth is forecast over the next four years. With general inflation now at more modest levels this level of house price growth would represent an increase in real values.

Table 3.1 London Housing Market Forecasts

Source	2026	2027	2028	2029	2030	Cumulative Growth 2026-30
JLL Residential Forecast – Greater London	1.0%	2.5%	3.5%	5.0%	4.5%	17.6%
Knight Frank UK Sales Market Forecast – Greater London	2.0%	3.5%	3.5%	4.0%	4.0%*	18.2%

Source: JLL Residential Forecasts 2026-2030 update, Knight Frank: UK Housing Forecast: September 2025

*assumed to continue from 2029

Table 3.2 Savills Mainstream UK Housing Market Forecast

Source	2026	2027	2028	2029	2030	Cumulative Growth 2026-30
Savills Mainstream Growth Prices – UK House Price Growth	0.0%	2.0%	3.5%	4.5%	3.0%	13.6%

Source: Savills / Residential Market Forecasts

Table 3.3 CBRE Housing Market Forecasts

CBRE house price forecast, annual % change	2026	2027	2028	2029	2030	Compound Total 2026-30
London	5.8%	6.3%	5.9%	4.9%	4.9%*	31.1%
Inner London	5.5%	6.3%	5.8%	4.8%	4.8%*	30.3%
Outer London	5.9%	6.4%	5.9%	4.9%	4.9%*	31.3%
UK	5.9%	5.1%	4.7%	3.9%	3.9%*	26.8%

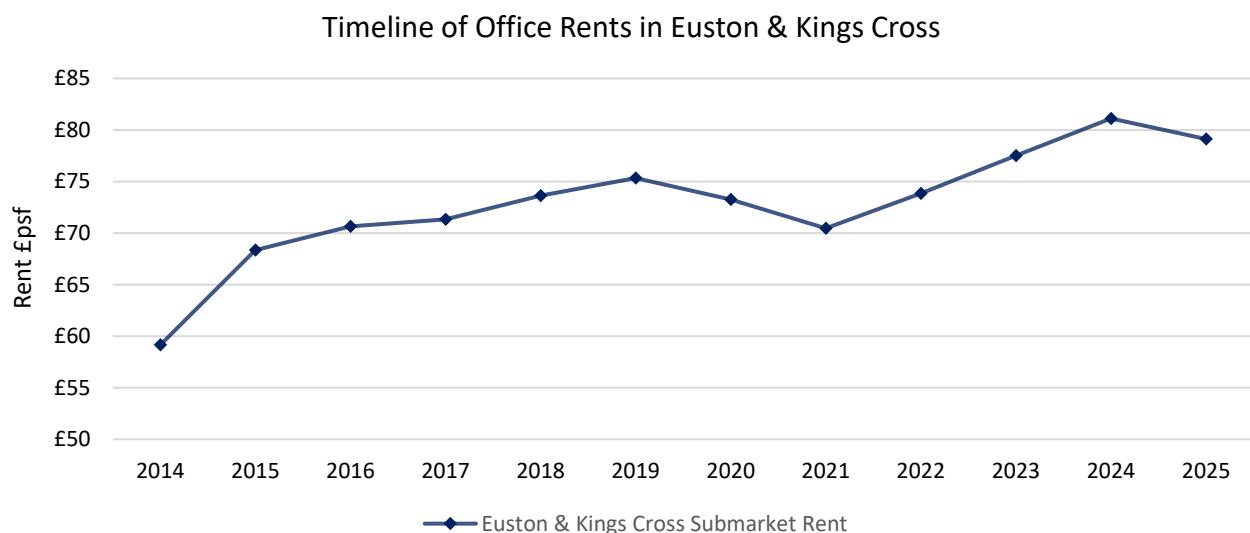
Source: UK Residential Forecasts Q3 2025

*assumed to continue from 2029

OFFICE VALUES

3.8 The office rental market in Euston & Kings Cross has grown at a compound annual growth rate of 2.65% over the last ten years. This is characterised by a decline in rents during the Covid-19 pandemic in 2020-2021 followed by a few years of high growth immediately afterwards. In 2025, rents have come out of the high-growth phase and stabilise, even revising slightly downward.

Figure 3.3 Office Rental Data for Euston & Kings Cross

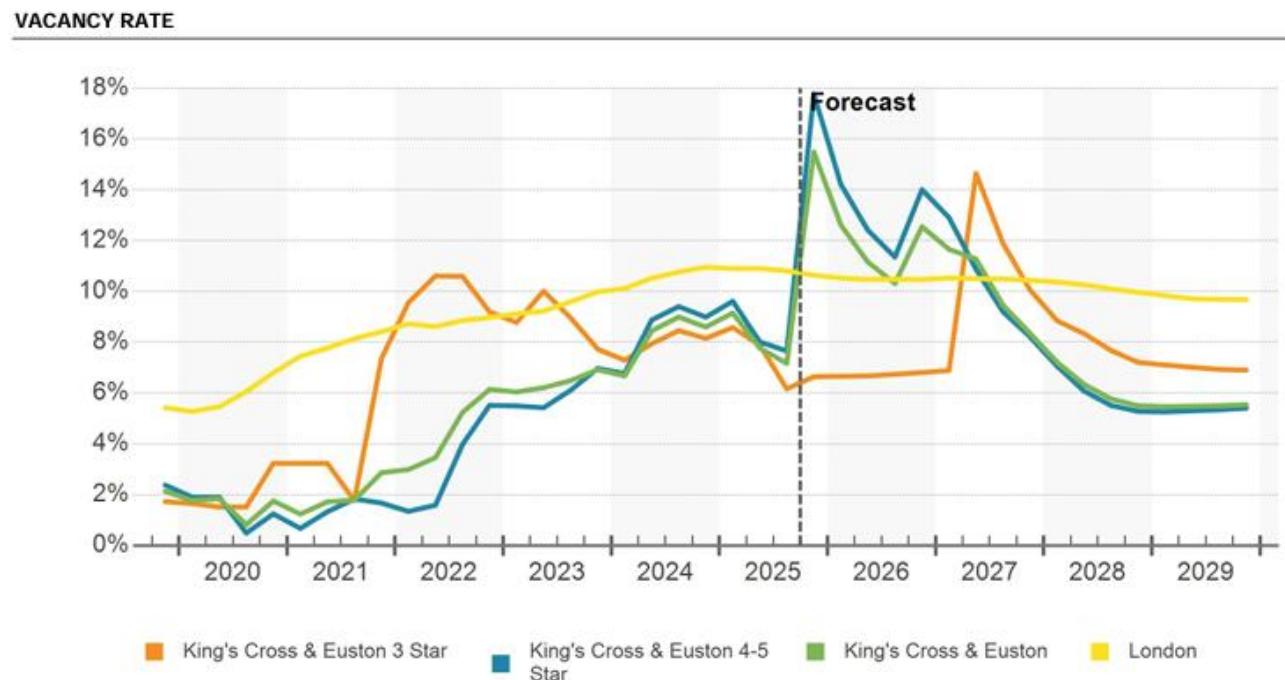


Source: CoStar Euston & Kings Cross Office Submarket Report 2025

OFFICE VACANCIES

3.9 During the period of high office rent growth over the past few years, vacancy rates in Kings Cross & Euston have shifted above the London average. The chart from CoStar below shows how vacancies have steadily risen from the 2% low in 2020. Were this to continue it would put increased pressure on further rental increases. While the data does not confirm the reasons for this, it may be due to occupiers reconsidering their requirements post Covid-19 as they reach lease breaks.

Figure 3.4 Office Vacancy Data for Euston & Kings Cross



Source: CoStar Euston & Kings Cross Office Submarket Report 2025

OFFICE FORECASTS

3.10 After a four-year period of above-average rent growth, vacancies have climbed in Euston & Kings Cross. Data from CoStar suggests that rents will stabilise as vacancy recovers and will enter a period of below-average growth in the coming forecast period.

Table 3.4 CoStar Office Sub-Market Forecast

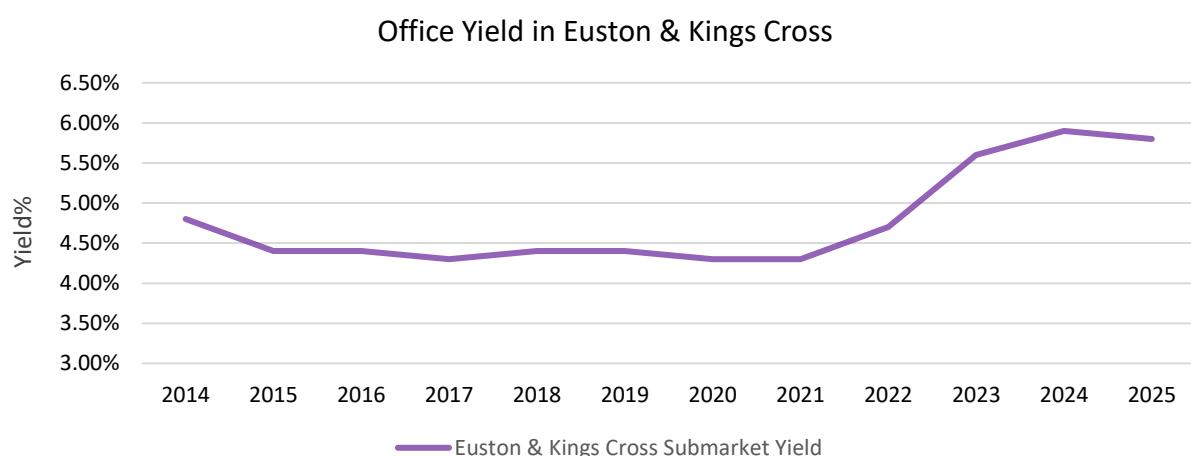
CoStar Office Rent Forecasts	2024	2025	2026	2027	2028	Cumulative Growth 2024-28
4&5 Star Euston & Kings Cross Submarket	4.6%	-2.5%	0.5%	0.2%	1.4%	4.1%
Overall Euston & Kings Cross Submarket	4.3%	-1.9%	0.5%	0.4%	1.5%	4.8%

Source: CoStar Euston & Kings Cross Office Submarket Report 2025

OFFICE YIELDS

3.11 The following graph shows the historical trend of Euston and Kings Cross office yields. This data reflects a broad market benchmark, rather than newbuild yields for prime space, but is helpful for understanding market challenges and current trajectory. Yields shifted upwards from 2021 and peaked in 2024. This trend in yields was seen across London alongside uncertainty in demand and an increase in the bank rate which increased the risk-free cost of capital for investors. Now however, the bank rate has experienced successive reductions and there is a growth in office demand in central locations. Together, these factors have stabilised yields and caused them to begin contracting.

Figure 3.5 CoStar Office Sub-Market Yield Timeline



Source: CoStar Euston & Kings Cross Office Submarket Report 2025

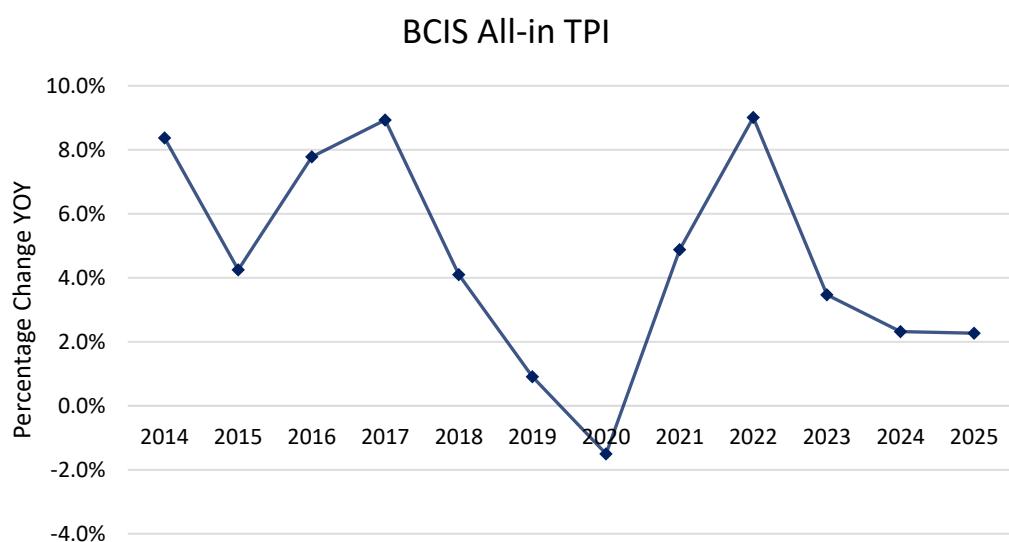
PLACEMAKING VALUE

3.12 CBRE's March 2023 Report on regeneration analysed 11 different major regeneration areas across London and compares the placemaking premium across these sites. This premium ranged between 0.3% and 5.8% and averages to a value of 2.2%. Kings Cross St. Pancreas neighbours Euston and achieved placemaking growth of 2.1%. Given the potential for significant placemaking as part of the regeneration of Euston, as well as potential impact of transport improvements, it is prudent to consider the potential for a placemaking premium to support the viability of development - and allow landowners to take a risk positive approach to bringing forward the sites. While the base analysis in the report is on a present day costs and values basis, in line with best practice and guidance, the potential for placemaking is considered in the sensitivity analysis.

BUILD COST FORECASTS

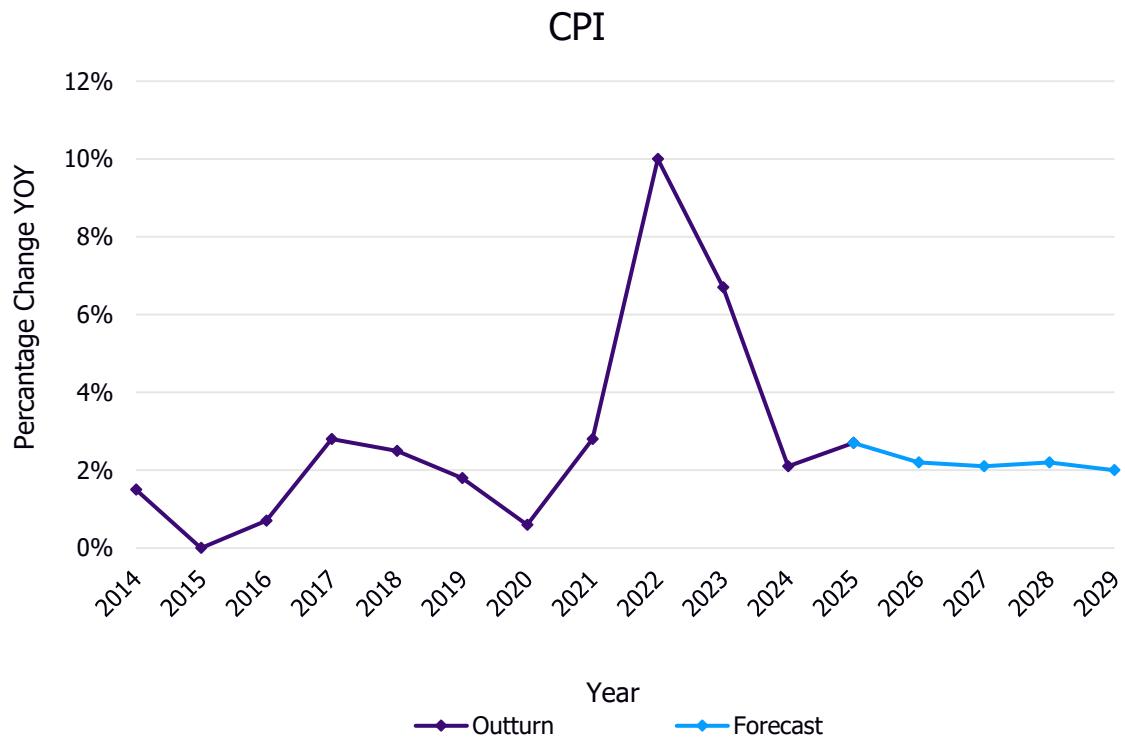
3.13 Construction costs in the UK have been subject to a range of pressures including a tightening labour market and inflationary pressure on materials. Illustrating the impact of this, the BCIS All in Tender Price Index has averaged a 5.4% compound growth rate in the last ten years. In contrast, historically the Consumer Price Index (CPI) inflation sits between 0% to 3%. Though CPI peaked in 2022, experiencing a 41-year high. Annual inflation is forecast by the Office for Budgetary Responsibility to generally align with the 2% target over the coming years, with a 2.6% anticipated in 2025. This temporary rise is attributed to elevated energy costs, policy measures introduced in the Budget and slight domestic economic pressures.

Figure 3.6 BCIS All-in TPI



Source: BCIS Indices

Figure 3.7 CPI Outturn and Forecast



Source: Inflation - Office for Budget Responsibility

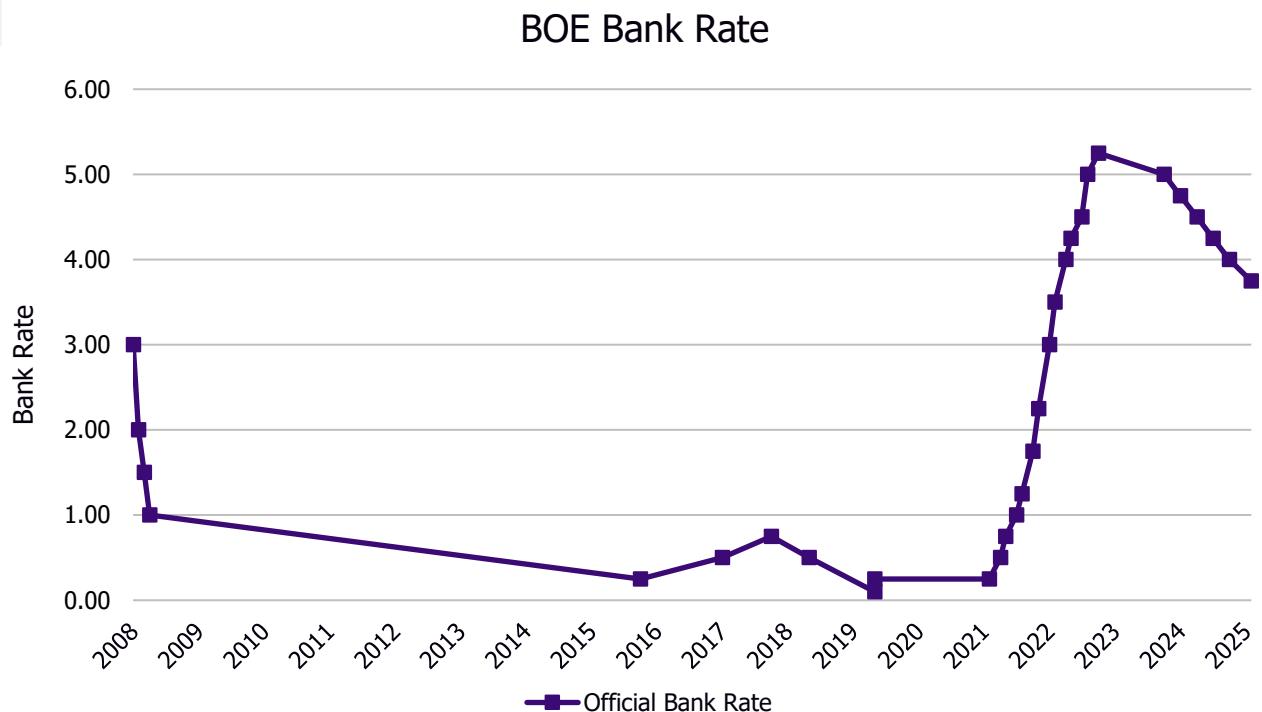
FINANCE RATES

3.14 The Bank of England (BOE) bank rate is the interest rate set by the Bank of England that influences borrowing and lending rates across the economy. A higher BOE bank rate typically makes borrowing more expensive, which can help slow down inflation, while a lower rate encourages borrowing and spending to stimulate economic growth.

3.15 A higher bank rate ultimately translates through financial markets to higher costs of capital for developers looking to bring sites forward. The cost of capital is a key variable in development viability, particularly for long term projects with large individual phases - such as the potential high-rise construction at Euston. Inflationary pressure growing in 2022 led to tighter monetary policy and higher borrowing costs for developers compared to the past decade. With inflation returning to more normalised levels, the BOE has started to implement reductions in the base rate, with further cuts currently priced in by markets.

3.16 In addition to the impact of finance costs on viability, capital values of residential and commercial space are also affected by borrowing costs. Lower borrowing costs make mortgages more affordable to buyers and support higher values. Lower borrowing costs also reduce the risk-free rate of return for investors, translating to lower required rates of return, lower yields and higher capital values.

Figure 3.8 BOE Bank Rate



Source: *Interest rates and Bank Rate / Bank of England*

4. Policy Context

4.1 National policy and guidance provide the framework for assessing the viability of emerging policy, with the requirement that cumulative policy requirements should not undermine the delivery of sites. This section therefore considers both policy that relates to the assessment of viability at the plan making stages, as well as policies that contribute towards the cumulative policy requirements of sites within the EAP.

NATIONAL PLANNING POLICY FRAMEWORK

4.2 Paragraph 35 of the National Planning Policy Framework 2024 ('NPPF') notes 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"*. The implication is that the cumulative impact of policy should not render development unviable.

4.3 Regarding the examination of plans, paragraphs 36 and 37 discuss the expectations for the examination of policy documents, noting that plans are considered sound if they are positively prepared, justified, effective and consistent with national policy. Ensuring deliverability is a key part of ensuring the plan is *"effective"*, viability testing at plan making stage is an important part of demonstrating this.

4.4 Paragraph 59 of the NPPF considers the relationship between viability at plan making stage and application stage, noting the latter can be appropriate: *"Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force."*.

4.5 While Paragraph 59 notes that *"weight to be given to a viability assessment is a matter for the decision maker"*, this should also be considered alongside sections 5.1 and 5.6 of the Draft EAP, which identify that given the uncertainty in costs for sites affected by enabling costs, it is expected that viability testing will be carried out at appropriate stages as masterplan sites are progressed. This topic is discussed further in the Draft EAP policy section.

4.6 Paragraph 59 of the NPPF continues to note the approach that should be taken to viability assessment noting: *"All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning practice guidance, including standardised inputs, and should be made publicly available."*. This PPG guidance is considered later in this section.

DRAFT REVISED NATIONAL PLANNING POLICY FRAMEWORK

4.7 The Draft Revised National Planning Policy Framework 2025 ('Draft Revised NPPF') was released for consultation on 16th December 2025 and the consultation will run until 10th March 2026. Given the early stage of consultation this draft policy is subject to change. Local plans and policy currently in progress will be examined under the current NPPF.

4.8 The Draft Revised NPPF represents a significant change to the previous version. Draft policies PM12 and DM5 continue to aim to focus viability testing at plan making stage, but acknowledge flexibility will be required for viability assessment to take place at decision making stage in some circumstances. Policy DM5 paragraph 2c notes that these circumstances include changes in economic circumstances and when "*the development is demonstrably burdened by costs which were unforeseeable when the development plan was prepared*" - which reflects t

4.9 The current uncertainty in enabling costs. Again, draft NPPF policy should be considered alongside sections 5.1 and 5.6 of the Draft EAP, which identify that it is expected that, given uncertainty in enabling costs, viability testing will be carried out at appropriate stages as masterplan sites are progressed.

4.10 Density around stations is also encouraged in draft policy L3, which links to the role density may play in funding enabling costs.

PLANNING PRACTICE GUIDANCE

4.11 The PPG was most recently updated in 2024 to align to the revised NPPF. This guidance clarifies the expected approach to assessing viability, including specific considerations for assessing viability at the plan making stage. This viability report has regard to the PPG, key sections of this include:

Table 4.1 Key PPG Sections on Viability

Summary of Key Guidance	Paragraph
Policy requirements should be informed by viability assessment that takes into account all relevant policies and standards.	Paragraph: 001 Reference ID: 10-001-20190509
Viability assessment should ensure that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.	Paragraph: 002 Reference ID: 10-002-20190509
Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable.	Paragraph: 003 Reference ID: 10-003-20180724
It is important to consider the specific circumstances of strategic sites, for which plan makers can undertake site specific viability assessment.	Paragraph: 005 Reference ID: 10-005-20180724
Viability assessment should look at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.	Paragraph: 010 Reference ID: 10-010-20180724

Any viability assessment should be supported by appropriate available evidence informed by engagement with developers, landowners, and infrastructure and affordable housing providers.	Paragraph: 010 Reference ID: 10-010-20180724
Gross development value should include total residential sales and/or capitalised net rental income from developments, capitalised commercial value. Grant and other external sources of funding should be considered.	Paragraph: 011 Reference ID: 10-011-20180724
Costs should be based on evidence which is reflective of local market conditions. As far as possible, costs should be identified at the plan making stage. Plan makers should identify where costs are unknown and identify where further viability assessment may support a planning application.	Paragraph: 014 Reference ID: 10-012-20240214
For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development.	Paragraph: 018 Reference ID: 10-018-20190509
Costs should include (inter alia):	Paragraph: 013 Reference ID: 10-013-20240214
<ul style="list-style-type: none"> build costs based on appropriate data, for example that of the Building Cost Information Service abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value 	

Source: National Planning Policy Framework 2024

4.12 The PPG also discusses the suggested approach to Benchmark Land Value, which is a key component of viability analysis. The guidance on this topic is discussed further in Section 5, methodology.

LONDON PLAN

4.13 The London Plan 2021 is a key part of the Development Plan that is in place in Camden. The policy requirements set out in the London Plan must therefore be factored into the viability appraisal to ensure the cumulative impact of policy is reflected. The following table summarises key policy requirements.

4.14 In addition for flexibility in the delivery of planning obligations identified in Policy H5, footnote 59 also notes that policy flexibility may be appropriate for land for transport functions that are no longer required where abnormal enabling costs are robustly demonstrated.

Table 4.2 London Plan Policy Requirements

Policy	Details
Policy H4 – Delivering affordable housing	Outlines strategic targets for 50% of all new homes across London to be considered affordable.
Policy H5 - Threshold approach	Sets out the 35% affordable 'Fast Track' route, 50% for public land, as well as the 'viability tested route' for applicants.

Policy H6 – Affordable housing tenure	<p>Sets out the split of affordable products for residential developments:</p> <ol style="list-style-type: none"> 1) Minimum 30% low-cost rented homes, either London Affordable Rent or Social Rent, allocated according to need and for those on low incomes. 2) Minimum 30% intermediate products which meet the definition of genuinely affordable housing. 3) Remaining 40% determined by the borough as low-cost rented homes or intermediate products based on identified need.
Policy D7 – Accessible housing	<p>Requires developers to provide suitable housing choices that suit London's diverse nature and must ensure that:</p> <ol style="list-style-type: none"> 1) At least 10% of dwellings (which are created via works to match volume 1 of the Building Regulations applies) meet Building Regulations requirement M4(3) 'wheelchair user dwellings' 2) All other dwellings (which are created via works to which Part M volume 1 of the Building Regulations applies) meet Building Regulation requirement M4(2) 'accessible and adaptable dwellings'
Policy E3 – Affordable workspace	<p>Planning obligations may be used to secure below-market rent affordable workspace (Use Class B) for specific social, cultural, or economic purpose.</p>
Policy G1 – Green infrastructure	<p>Identifies that London's network of green and open spaces, and green features in the build environment, should be protected and enhanced. Green infrastructure should thus be planned, designed and managed in an integrated way to achieve multiple benefits.</p> <p>Development proposals should incorporate appropriate elements of green infrastructure that are integrated into London's wider green infrastructure network.</p>
Policy SI 2 – Minimising greenhouse gas emissions	<p>Notes that major developments should be net zero-carbon. Thus, reducing greenhouse gas emission in operation and limiting peak energy demand.</p>
Footnote 59	<p>Notes the application of affordable targets to land for transport functions that are no longer required, noting that flexibility may be appropriate where abnormal enabling costs are robustly demonstrated.</p>

Source: London Plan 2021

NEW LONDON PLAN CONSULTATION

4.15 Initial consultation for the next London Plan commenced in May 2025, with the launch of the "Towards a new London Plan" document. While the new plan in very early stages of development it carries little weight, with draft policies also not yet published. This document is therefore not considered as part of the cumulative policy burden in this Viability Assessment.

4.16 The published early document does note the viability challenges that are currently faced by many sites across London and notes it will be important for the development of the new plan to *"carefully consider the impact of policies, individually and cumulatively, on the costs and viability of*

development". Any significant resulting change in London Plan policy by the time of development progressing through planning would need to be considered as part of any future review of site viability.

COMMUNITY INFRASTRUCTURE LEVY POLICY

4.17 Local and mayoral Community Infrastructure Levies are in place in Camden. The relevant policy rates are summarised in the below table, which are then indexed to a present-day cost in the viability appraisal.

4.18 CIL can be applied to purposes included on the Regulation 123 lists held by local authorities. There is the potential for Section 106 obligations to be required, although these must be for scheme specific mitigation and pass the tests set out in Regulation 122 of the CIL regulations. The potential for a "CIL in lieu" approach, where for example affordable homes are delivered in place of CIL payments exists and is noted in section 5.6 of the EAP.

4.19 This approach of "CIL in lieu" is supported by PPG guidance on CIL, which notes that "*There may be circumstances where the charging authority and the person liable for the levy will wish land and/or infrastructure to be provided, instead of money, to satisfy a charge arising from the levy. For example, where an authority has already planned to invest levy receipts in a project there may be time, cost and efficiency benefits in accepting completed infrastructure from the party liable for payment of the levy. Payment in kind can also enable developers, users and authorities to have more certainty about the timescale over which certain infrastructure items will be delivered.*" Paragraph: 133 Reference ID: 25-133-20190901.

Table 4.3 Camden Community Infrastructure Levy 2025

CIL Tariff (£ per sq. m)	Zone A (central)	Zone B (rest of Camden)
Residential below 10 dwellings (or 1,000 sq m)		£644
Residential of 10 or more dwellings (or above 1,000 sq m) and private care residential homes with a degree of self-containment)	£198	£322
Retail (including bar / restaurant / entertainment and other town centre uses)		£32
Office, Research and Development	£110	£32
Student Housing	£225	£515
Hotel (including tourist hostels)	£110	£38
Health, Education, Community meeting spaces, Police, Fire, Water Waste Management and related infrastructure, Care homes with no self-containment subsided by the public sector	£0	£0
Industry, warehousing	£0	£0
Other commercial uses	£32	£32

Source: Camden CIL Table 2025

Table 4.4 London Community Infrastructure Levy

MCIL2 charging band	MCIL2 rate from April 2019 (£/m²)	MCIL2 rate from calendar year 2025 (£/m²)
Band 1 (Camden)	£80	£94.79

Source: City of London Annual CIL Rate Summary 2025

DRAFT NEW CAMDEN LOCAL PLAN

4.20 The Draft new Local Plan (2025) was submitted for examination in October 2025. Given the progressed nature of this plan, with the EAP following it through examination, the Draft new Local Plan is considered rather than the existing Local Plan for the purpose of this assessment. Prior to adoption, decision making would also give material weight to the Draft new Local Plan given its stage of preparation and alignment to the NPPF and London Plan, as encouraged by paragraph 49 of the NPPF.

4.21 This Viability Assessment has had regard to the draft policies set out in the following table. This table focuses on policies that affect the cost of projects and therefore viability. While some are explicitly modelled through the inclusion of cost line items, others are recognised to have a financial impact on development that is implicitly reflected through build costs benchmarks that reflect these policy expectations, or design assumptions informing the capacity studies used for the strategic sites.

4.22 Paragraph 15.3 of the Draft new Local Plan notes that *"Where during the negotiation of a proposed scheme, it is argued that the Council's request for contributions would render development unviable,*

we will expect developers to provide information on viability through an open-book approach. The Council supports transparency in decision making and will seek the maximum reasonable disclosure of information in viability appraisals having regard to any elements that are commercially sensitive. However, because the provision of certain infrastructure is necessary to make development acceptable in planning terms, there will be instances where reducing contributions on viability grounds would make development unacceptable, either because development cannot come forward without it in physical or safety terms, or because it is necessary to mitigate the impacts of the development.". This recognises the role of viability assessment at the stage of application. Given the scale of both cost uncertainty and the likely requirement for certain infrastructure, this leads to greater viability risk than for more typical schemes. Early engagement on viability would therefore be beneficial to reduce risk of the scheme being undeliverable.

Table 4.5 Draft new Local Plan Key Policies

Policy	Details
Policy DS1: Delivering Healthy and Sustainable Development	Sets design requirements and wider objectives to meets aims in this area.
Policy CC1 – Responding to the climate emergency	Sets expectations for the design of proposals as well as the use of technology to meet objectives in this area.
Policy CC3 - Circular economy and reduction of waste	Sets requirements for the approach to waste management, including the provision of Circular Economy Statements for major development.
Policy CC4 - Minimising carbon emissions	Sets to minimise carbon emissions from development, includes the requirement for the submission of Whole Life Carbon assessments.
Policy CC6 - Energy Use and the Generation of Renewable Energy	Sets expectations for the level of energy use and the approach to energy use. Includes the requirement for an Energy Statement.
Policy IE4 – Affordable workspace	The Council will require schemes providing at least 1,000 sqm GIA of offices, research and development uses to provide affordable workspace. Notes that priority will be given to delivery of self contained homes in mixed use schemes. Supporting text notes the role of viability evidence in confirming a suitable response to this policy.
Policy H1 – Maximising Housing Supply	Sets expectations for the approach to maximising housing delivery that meets needs.
Policy H4 – Maximising the supply of affordable housing	Sets expectations for the delivery of affordable housing, with a 50% strategic target, and flexibility subject to the London Plan threshold approach. Notes the role of review mechanisms in scenarios where affordable targets are not met due to viability.
Policy H7 - Large and small homes	Sets expectations for the delivery of homes of a range of sizes that meet need.
Policy H2 - Maximising the supply of self-contained housing from mixed-use schemes	Supports the delivery of self contained housing as part of mixed use development projects.

Policy H5 – Protecting and improving affordable housing	Attempts to protect all affordable housing floorspace in the broad sense of housing that is provided at less than market cost, whether the reduced cost arises from the nature of the homes, the occupants, or the providers, or a formal affordable housing designation.
Policy SC3 – Social and Community Infrastructure	Notes that Camden will seek planning obligations to contribute towards social and community facilities to mitigate the impact of development.
Policy SC4 – Open Space	Seeks to secure new and enhanced public open space, with onsite delivery prioritised.
Policy NE1 – The Natural Environment	Notes that Camden will seek contributions in this area, reflective of the scale and impact of a development project.
Policy NE2 – Biodiversity	Highlights BNG requirements.
Policy DM 1 - Delivery and Monitoring	Notes that Camden will use CIL, planning obligations and legal agreements to deliver the vision, objectives and policies of the local plan including to mitigate the impact of development and secure the infrastructure, facilities and services to meet the needs generated by development.

Source: Camden Draft Local Plan 2025

EUSTON AREA PLAN

4.23 The EAP is a policy document that forms part of the Development Plan, an update is currently underway. The document sets out policies and guidance for the development of land at and surrounding Euston Station, aiming to maximise the benefits that development can bring to the area. The EAP was produced to *"promote a high-quality redevelopment of Euston Station and to shape change in this transitional area maximising regeneration potential in the period to 2031. The Plan is now being updated to reflect changes since adoption with the period extended up to 2051."*

4.24 The EAP contains five main chapters. The first, Introduction, includes the vision and objectives of the document, which provide context to the included policies. The vision sets out the aim for mixed use development to rejuvenate the Euston station area, also noting that comprehensive redevelopment of the station would best achieve the vision and plan objectives. The full vision is as follows:

4.25 *"The Euston area will be rejuvenated as both a local hub of activity and a gateway to London through new high quality comprehensive and transformational development above and around a high-quality transport interchange at Euston Station.*

New homes, businesses, shops, community facilities, schools, new and improved public realm and open space will transform the area. The redeveloped station will help to reconnect the communities to the north, south, east and west. Existing businesses, such as those at Drummond Street, and surrounding residential communities at Regent's Park, Somers Town and Ampthill and Mornington Crescent will flourish with investment in reprovided and new homes, businesses, open space and facilities where necessary, and their important role in the future of Euston celebrated and enhanced.

Euston's role as a medical research, knowledge, innovation and creative industry base will be enhanced and thrive around the cluster of world class education and research institutions in the area,

helping to achieve Camden Council's Knowledge Quarter aspiration for the area which could include medical uses as promoted in the Mayor's "Med City" vision for the Euston Road corridor.

A network of clear and convenient streets will connect key attractions and green spaces in the area. Critical to this will be new and improved links through, above and around a redeveloped station and an improved greener environment along Euston Road. Euston Road will no longer be a barrier to pedestrian and cycle movement and onward journeys from the station. Euston and the area around it is polluted - the proposals in this plan will help to make it less so.

The redevelopment of Euston Station is central to the vision and objectives of this plan. A comprehensive redevelopment of Euston Station will best help to achieve this vision and the plan objectives set out below."

- 4.26 The second chapter provides context to the overall area, as well as specific character areas. Policy and guidance are primarily contained within the third and fourth chapters. The third focuses on development strategy at an overall level, while the fourth focuses on specific sites or 'places'. Key extracts from these sections are considered below.
- 4.27 A key focus of the policy is design and masterplanning, with the impact of these policies on viability driven by the massing and abnormal costs. Camden has provided massing assumptions for a range of scenarios for viability testing that comply with the requirements of the EAP, with the cost of policy requirements implicitly reflected. More broadly, the EAP includes limited policies that require obligations in excess of those required by the London Plan or Draft new Local Plan, primarily providing strategies to manage aspects of delivery.

Table 4.6 Draft EAP Key Extracts

Policy	Details
Euston station redevelopment context	<p>Provides the context of the EAP in relation to Euston Station, noting that:</p> <p><i>"The existing station building and tracks at Euston separate surrounding communities as they are a physical barrier to movement, and the large expanses of blank walls around the edge of the station create a poor local street environment.</i></p> <p><i>As mentioned earlier in the plan, the redevelopment of the Euston Station area is a hugely significant regeneration and economic opportunity, which could contribute towards the local, London and national economy through integrating a new/refurbished station with high quality development above it.</i></p> <p><i>Since the adoption of the HS2 Act, which makes provision for the new HS2 station and does not include the redevelopment of the existing Network Rail station there have been moves to integrate proposals more carefully.</i></p> <p><i>In 2018, Lendlease were appointed as the Government's Master Development Partner (MDP) to develop a masterplan for the area. In 2019 Government commissioned Oakervee review recognised the complexity of building at Euston and recommended that 'the government should: develop and set out a single plan for the overall</i></p>

Policy	Details
	<p><i>Euston project' in order to best recognise social and economic value at Euston.</i></p> <p><i>The Government announced a pause to HS2 works at Euston in March 2023, while strategic decisions were made about the future of Euston. The Network North paper was published in October 2023, where the Government confirmed that HS2 will come to Euston. In October 2024, the new Labour Government confirmed its primary focus is on the safe delivery of HS2 between Birmingham and London at the lowest reasonable cost. A 'best for Euston' approach has been adopted to consider how plans for the stations and other transport infrastructure can be best integrated and inform future designs.</i></p> <p><i>Network Rail is working on plans for the first phase of the redevelopment of the existing Euston Station. Further phases of development would help to enable the comprehensive approach to development that this Plan seeks to achieve. In considering a phased approach to development, it will be important to ensure that each phase delivers a comprehensive place, while providing the conditions for future phases.</i></p> <p><i>At the time of writing, there was still uncertainty about the requirements for the HS2 station, and whether this would include provision for its future expansion. There are also various options for phasing of the Network Rail station redevelopment.</i></p> <p><i>The policies in this plan seek to provide a flexible framework to progress with a phased development."</i></p>
Overall strategy introduction	<p>Notes key elements of the overarching strategy including:</p> <ul style="list-style-type: none"> • <i>Securing long term benefits from station redevelopment for existing neighbouring communities and helping to mitigate the shorter term impacts of HS2</i> • <i>Focusing growth and development at:</i> <ul style="list-style-type: none"> - <i>Euston Station, where significant new mixed-use development will establish the Station site as a major destination in its own right, recognising the importance of delivering successful phasing and the importance of successful and thoughtful meanwhile uses and states.</i> - <i>The covered areas of tracks in the Camden Cutting where there will be new homes, open space and connections between Park Village East and Mornington Terrace/Clarkson Row.</i> - <i>Regent's Park Estate, with regeneration and infill delivering new housing, including affordable housing</i> • <i>Enhancing Euston's role and image in the central London and national economy through well designed station development and capitalising on the cluster of science and Knowledge Quarter institutions already in the area</i> • <i>Improving connectivity, particularly east-west pedestrian links to draw neighbourhoods together and improve access between Regent's Park, Euston, St Pancras and King's Cross stations</i> • <i>Enhancing links to the West End and reducing the barrier effect of Euston Road</i> • <i>Creating a network of new and improved open spaces, with new open spaces provided as part of HS2's mitigation and significant new public open spaces provided to support the needs of new development</i>

Policy	Details
	<ul style="list-style-type: none"> • <i>Seeking to ensure that growth and change can protect and enhance existing local centres, In particular Drummond Street and Eversholt Street</i> • <i>Taking opportunities to repair historic routes and frontages and to deliver improvements to the settings of heritage assets</i> • <i>Prioritising walking and cycling, and promoting enhanced interchange and public transport provision in a new Euston Station</i>
Strategic Principle EAP1: Land use strategy	<p>Notes that: <i>"a comprehensive approach to development at Euston Station and the front piazza will be required to help transform the image of Euston, through facilitating new and improved links, the creation of public spaces and new development. Camden Council will seek to ensure that a new HS2 station and a new or refurbished Euston station are designed to be integrated and are of the highest architectural quality to create a well designed station, public transport interchange, and integrated public realm alongside development which facilitates new (where practicable at ground level) legible and attractive public east-west and north-south routes through the site. Development should deliver a range of high quality, public open and green spaces linked together by public realm."</i></p> <p>Includes the following policies:</p> <ul style="list-style-type: none"> • <i>A: Overall Mix:</i> <ul style="list-style-type: none"> ○ Seeks to optimise the opportunity to create a major new economic hub of new commercial, knowledge based, science and creative sector industries over the station and mix use residential led development elsewhere. • <i>B: Homes:</i> <ul style="list-style-type: none"> ○ deliver in the region of 2,000 additional homes ○ at least 75% self-contained homes with a proportion of non-traditional housing types and. Max amount of affordable housing in line with London & Local Plan policy. • <i>C: Economy and employment:</i> <ul style="list-style-type: none"> ○ deliver between 215,000 and 370,000sqm of floorspace. ○ Requirement for a suitable mix of employment floorspace to support knowledge quarter priority uses ○ Requirement for Employment, Learning and Training Strategy • <i>D: Retail, leisure and Culture</i> <ul style="list-style-type: none"> ○ in the region of 20,000 sqm floorspace ○ Requirement for Retail, Leisure and Culture Strategy • <i>E: Social infrastructure</i> <ul style="list-style-type: none"> ○ Education, health and other social and community infrastructure required to support development in line with Local Plan policies • <i>F: Meanwhile uses</i> <ul style="list-style-type: none"> ○ need to ensure a cohesive and thoughtful approach to meanwhile ○ Requirement for meanwhile use strategy (across all delivery partners)

Policy	Details
	<ul style="list-style-type: none"> • <i>G: Health and Well-being</i> <ul style="list-style-type: none"> ○ highlights the need for all aspects of development to promote health and wellbeing. ○ Requirement for HIA (in line with Local Plan) • <i>H: Safety and Security</i> <ul style="list-style-type: none"> ○ highlights the need for new development to play an active role in developing, in conversation with the community, long-term strategies to ensure that in design and management, streets and spaces are safe and enjoyable to use. • <i>I: Inclusive Growth and delivering Social Value</i> <ul style="list-style-type: none"> ○ highlights the need for new development to contribute to reducing inequalities and increasing life chances in local residential communities, creating opportunities for all and ensuring that investment delivers benefits where they are most needed (linked to C).
Strategic Principle EAP2: Urban design strategy	<ul style="list-style-type: none"> • Urban design principles • Guidance on building heights (in line with LVMF) • Requirement to develop design codes
Strategic Principle EAP3: Transport strategy	<ul style="list-style-type: none"> • Seek to mitigate the impact of national infrastructure development & support growth • Includes measures/ interventions to support strategy
Strategic Principle EAP 4: Environment	<ul style="list-style-type: none"> • Requirement for development to meet the highest feasible environmental standards during construction and occupation in line with Local Plan. • Camden specific elements include: <ul style="list-style-type: none"> ○ Explore utilising low cost, low carbon heat including waste heat sources ○ Explore opportunities for local off-setting for carbon savings <p>Make payments in lieu towards local Sustainable Drainage Systems (SuDS) where it is demonstrated to the Council's satisfaction that it is not possible to provide them on site</p>
Strategic Principle EAP 5: Open Space	<ul style="list-style-type: none"> • Seeks to secure green infrastructure in line with development plan policies • Sets out Hs2's obligations to re-provide lost open space • Requirement for Euston station masterplan area to include a Open Space and Green Infrastructure Strategy and Management Plan
Places	<p>Development Principle to guide proposals in each of the seven character areas, covering:</p> <ul style="list-style-type: none"> • land uses, • design, • transport and public realm and the environment <p>4.1 Euston Station and Tracks notes "<i>the delivery of development here should be linked to and support the development of new housing, and open space at Camden Cutting</i>"</p> <p>Development Principle EAP 3 notes in relation to Camden Cutting that "<i>New development above and around the station and tracks to the south of Hampstead Road should be linked to and support development in this area</i>"</p>

4.28 Section five, the final chapter, sets out approaches to delivery, planning benefits and monitoring. The focus of this chapter is on how, given the current uncertainty in design and enabling costs, viability analysis and flexible implementation of policy will play an important role in achieving delivery.

4.29 Specifically on viability assessment, while Paragraph 59 of the NPPF notes that "weight to be given to a viability assessment is a matter for the decision maker", this final Chapter of the EAP supports the role of ongoing viability assessment given the complexity of the scheme and uncertainty of enabling costs. Key extracts from sections 5.1 and 5.6 in this Chapter are set out in the following table.

4.30 Camden's wider policies and the London Plan also allow for flexibility in the application of policies such as affordable housing where viability is evidenced to contain the ability of applications to deliver these. When considering whether the EAP is effective and sound at examination this policy flexibility should be considered. This viability assessment therefore tests a range of scenarios that reflect the ability of this flexibility to ensure deliverability. This scenario testing is particularly important in the context of this viability report, with the cost uncertainty far greater than for less strategic schemes.

Table 4.7 Draft EAP Delivery, Planning Benefits and Monitoring Extracts

Reference	Extract
5.1 Delivery and viability	<i>"The high-level viability assessment that supports this plan highlights that the sites facing the most uncertainty significant challenges in terms of current day viability, are those associated with transport infrastructure, where there are complex interactions between stations and tracks and development. These extraordinary costs, which are associated with enabling development add both challenges but also substantial opportunities. These costings will continue to be refined as the scheme proposals are progressed alongside wider funding and delivery structures"</i>
5.1 Delivery and viability continued	<i>"Specifically in relation to the Euston station masterplan sites, the viability assessment notes the difficulty in accurately establishing enabling costs until further design work is carried out and contracts are let and that there is the opportunity for additional funding streams to come online over the timescales envisaged."</i>
5.1 Delivery and viability continued	<i>"As there are currently no confirmed designs for the National Rail, HS2 or London Underground stations, the approach taken establishes a figure for enabling costs using benchmarking and professional judgement. It is expected that the costs for development associated with railway infrastructure at Euston will become known incrementally over the various stages of development and in line with Government guidance, the assumptions made on costs will continue to be reviewed enabling the viability to be reviewed as additional information on costs is available, this includes throughout the pre-app and application process. Information will need to be shared in an open and transparent manner to allow for an approach which accounts for the complexity of the project.</i> <i>It is expected that viability, and therefore affordable housing delivery and other contributions towards public benefits, will be reviewed in line with London Plan policy at key milestones / as each phase of the Euston Masterplan is progressed given the long-term nature and phasing of the scheme over the railway/ stations."</i>

Reference	Extract
5.1 Delivery and viability continued	<p><i>"Across the EAP sites where viability assessment(s) are required to be provided to support a planning application such assessment(s) will be undertaken in accordance with National Planning Practice Guidance (PPG), and GLA and LB Camden policy and guidance. Where appropriate, and having regard to London Plan policy, mechanisms will be secured through a s106 Agreement and should be assessed at the various stages of development (i.e. early, mid and late stages) in order to allow for increases in contributions. to ensure that public benefits are maximised as a result of any future improvement in viability."</i></p>
5.6 Flexibility	<p><i>"There is a commitment to joint working by the delivery organisations to try to achieve the best solution for Euston rather than on an individual project basis. As the designs for the stations progress, further detailed work to understand technical and cost implications of development associated transport infrastructure will be required to fully test the viability of development in this area. . ."</i></p>
5.6 Flexibility continued	<p><i>"This (development capacity) range is considered to be appropriate representing the capacity capable of being supported in the Euston area – able to meet both wider planning requirements and the Plan policies and objectives. Should new opportunities for development be identified through design refinement it may be possible to deliver in excess of the ranges identified. It is recognised that with the unusual costs involved in development connected to redeveloping the station and above tracks, development viability will be a considerable challenge. In considering proposals for redeveloping the station and tracks area in particular, the priority will be to secure a development of high quality and excellently designed masterplan alongside any new station. If additional development or taller buildings are necessary to facilitate this, some flexibility towards other requirements in this plan may be considered with reference to London and Local Plan policy, in order to ensure that public benefits are maximised."</i></p>
5.6 Flexibility continued	<p><i>"Decisions on planning applications must be taken in accordance with the development plan unless material considerations indicate otherwise, in line with S38(6) of the 2004 Planning and Compulsory Purchase Act. Where development is associated with railway infrastructure (as is the case over the station and tracks and in the Cuttings area) and as station designs and costs still have to be confirmed, there are a number of unique factors which could be considered as material considerations, including but not limited to, the high cost of enabling works in the area, restrictions and complexity of development owing to transport operations and the contributions to nationally important infrastructure projects and strategies."</i></p>

5. Methodology

PLANNING GUIDANCE ON DEVELOPMENT VIABILITY

5.1 The PPG notes that "*viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.*" (Paragraph: 010 Reference ID: 10-010-20180724).

5.2 Alongside more standard costs, the PPG also notes that it is appropriate to include "*abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites.*" and "*site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy*". Both of which it notes should be taken into account when defining benchmark land value (Paragraph: 013 Reference ID: 10-013-20240214). Further details on the approach to abnormalities and site-specific infrastructure are provided later in this section.

5.3 The PPG continues that "*Any viability assessment should follow the government's recommended approach to assessing viability as set out in this National Planning Guidance and be proportionate, simple, transparent and publicly available.*" (Paragraph: 010 Reference ID: 10-010-20180724).

5.4 Planning Practice Guidance ('PPG') highlights the importance of viability testing at the plan making stage, noting that "*policy requirements should be informed by evidence of . . . a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106.*" (Paragraph: 001 Reference ID: 10-001-20190509). The PPG notes these costs "*as far as possible, costs should be identified at the plan making stage. Plan makers should identify where costs are unknown and identify where further viability assessment may support a planning application*" (Paragraph: 013 Reference ID: 10-013-20240214). Uncertainty in the level of enabling costs and masterplan form creates is a current limitation that challenge the ability of viability to be fully considered at plan making stage. As noted in the policy section of this report, section 5.1 and 5.6 of the EAP acknowledges this current uncertainty and note an expectation that this supports the need for viability assessment beyond the plan making stage. For example, noting that "*the assumptions made on costs will continue to be reviewed enabling the viability to be reviewed as additional information on costs is available, this includes throughout the pre-app and application process. Information will need to be shared in an open and transparent manner to allow for an approach which accounts for the complexity of the project*".

5.5 The viability testing methodology adopted in this report follows PPG guidance and aligns to standard development appraisal conventions. Further details are set out below.

RESIDUAL APPRAISAL METHODOLOGY

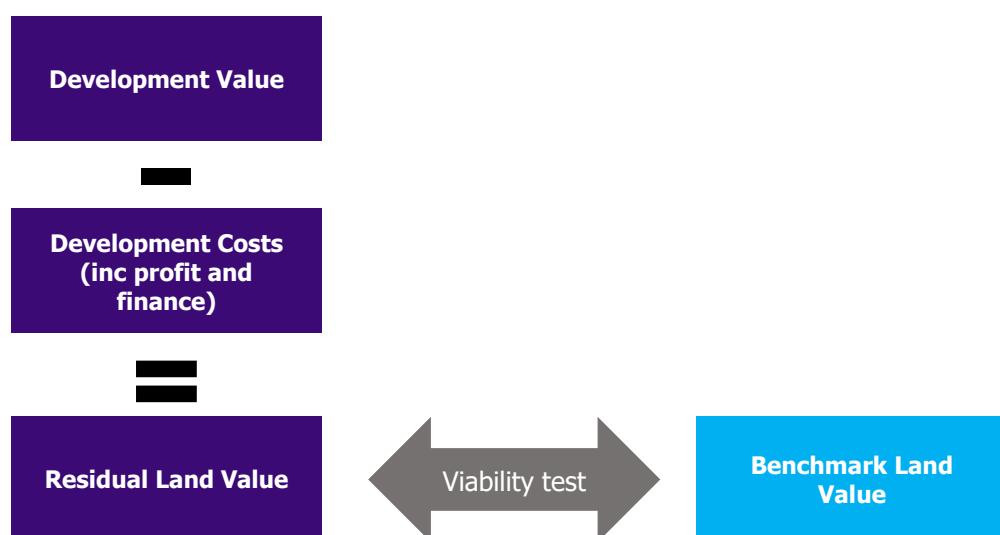
5.6 Figure 5.1 illustrates the residual appraisal approach. In this the total scheme costs are deducted from the total value generated, resulting in a 'Residual Land Value'. Items included under these categories include:

- **Development Value**
 - Market sales values
 - Value for affordable homes, assuming these are acquired by an RP or equivalent.
 - Capital value of commercial space
- **Development Costs**
 - Build costs
 - Policy costs (CIL, S106 etc)
 - Abnormal costs
 - Fees
 - Finance costs
 - Developer return
 - Land cost

5.7 To assess viability the Residual Land Value is compared to a Benchmark Land Value, which can broadly be considered to be the value that if exceeded would sufficiently incentivise a landowner to bring the site forward for development.

5.8 If the Residual Land Value exceeds the Benchmark Land Value, then the site would be considered viable. If the Residual Land Value does not exceed the Benchmark Land Value, then alternative funding sources would be required to close the viability gap, otherwise a rational landowner could not be expected to bring their site forward for development.

Figure 5.1 Residual Land Value Approach



5.9 The approach to identifying a suitable Benchmark Land Value is discussed later in this report. In practice various factors will affect landowner decisions on the price at which they release land for development. While any rational developer would require a price equal to or in excess of the current value of the site, hope of future policy relaxation and competitive bidding pressure sit against the reality that communities will demand some level of infrastructure investment to make development acceptable. Benchmark Land Value therefore needs to offer a reasonable incentive to landowners, while being grounded in policy expectations.

5.10 The GLA 'Affordable Homes Programme 2021-2026' document clearly states that RPs (Responsible Parties) will not receive grant funding for any affordable housing provided through planning obligations on developments. Therefore, if grant funding is made available to schemes over the plan period, it should facilitate an increase in the provision of affordable housing when developments come forward.

VIABILITY METHOD FOR EUSTON STATION MASTERPLAN AREA

5.11 The PPG notes that "*assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable.*" (Paragraph: 003 Reference ID: 10-003-20180724), it also notes that "*in some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.*" (Paragraph: 003 Reference ID: 10-003-2018072).

5.12 This Viability Assessment focuses on the Euston masterplan area, given the sites in this location are most affected by enabling costs and complexity, therefore being most likely to face viability challenges. This assessment considers the design requirements that the EAP places on development within this area to ensure the cumulative impact of policy does not render development unviable. Wider viability testing based on generic typologies is not carried out given the limited additional policy burden on wider sites and recentness of the local plan viability study.

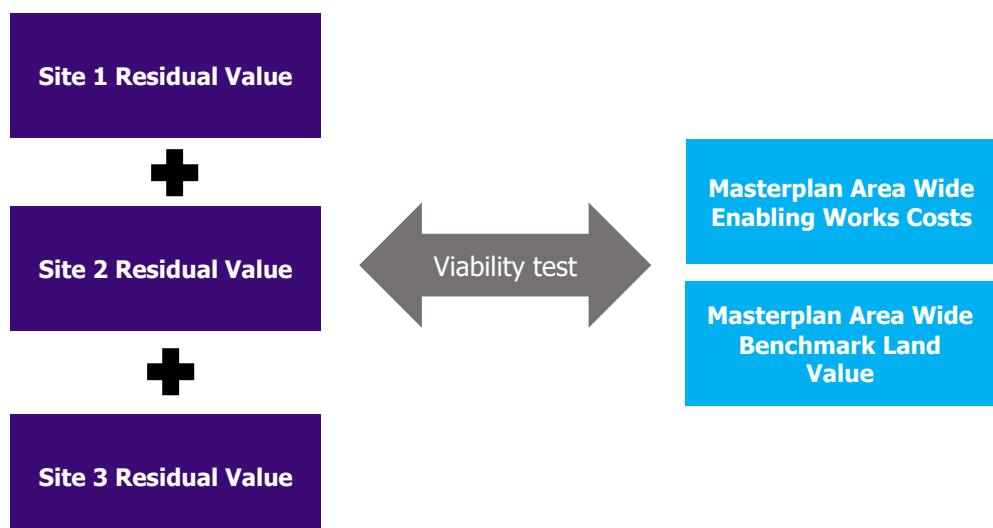
5.13 A key area of uncertainty in enabling costs is linked to cost associated with transport infrastructure, where there are complex interactions between stations and tracks and development. While this study is based on the best available information at this moment in time, its scope is also limited by the lack of available detail on how sites will come forward, the masterplan and station designs, and uncertainty in enabling costs. These factors are identified in Sections 5.1 and 5.6 of the EAP, which is discussed further in the policy section. While there is difficulty in establishing enabling costs until further design work is carried out, it is expected these costings will be refined as the scheme proposals are progressed, further design work is carried out and the masterplan and phases are progressed. Specifically, Section 5.1 of the EAP notes that "*it is expected that viability, and therefore affordable housing delivery and other contributions towards public benefits, will be reviewed at key milestones / as each phase of the Euston Masterplan is progressed given the long-term nature and phasing of the scheme over the railway/ stations.*" and that "*Across the EAP sites where viability assessment(s) are required to be provided to support a planning application such assessment(s) will be undertaken in accordance with National Planning Practice Guidance (PPG), and GLA and LB Camden policy and guidance. Where*

appropriate, and having regard to London Plan policy, mechanisms will be secured through a s106 Agreement and should be assessed at the various stages of development (i.e. early, mid and late stages) in order to allow for increases in contributions. to ensure that public benefits are maximised as a result of any future improvement in viability.”.

5.14 Given the extensive abnormal and site-specific infrastructure costs required to unlock the sites, it is also expected that an equalisation approach may be required across sites to ensure that these enabling works can be delivered. This equalisation would include costs, in addition to the distribution of land uses. For example, the focus on housing in the cuttings and greater commercial on the station sites being an approach that maximises viability and meets policy objectives on a combined basis across both sites. This approach of linked development is noted in section 4.1 of the EAP, which states in relation to the Euston station area that *"the delivery of development here should be linked to and support the development of new housing, and open space at Camden Cutting"*, EAP 3 in relation to Camden Cutting notes that *"New development above and around the station and tracks to the south of Hampstead Road should be linked to and support development in this area"*.

5.15 Given the nature of the currently available information, and expected role of equalisation going forward, a high-level approach has been adopted to identify whether the value in the masterplan area is sufficient to cover enabling costs and sufficiently incentivise landowners to bring sites forward. Under this approach the residual value from the relevant sites is combined, then compared to the total value against the potential cost of enabling works and a Benchmark Land Value. If the combined residual values exceed the enabling costs and benchmark land value then the sites are considered deliverable.

Figure 5.2 Viability Approach for Euston Station Masterplan Sites



5.16 The overall sites approach is focused on ensuring the EAP policies do not undermine viability, rather than setting detailed delivery expectations before sufficient scheme details come forward to enable this analysis.

5.17 In addition to this overall approach, the Maria Fidelis and Royal Mail sites are separately analysed given that they may fall outside an equalisation approach. Individual sites are also tested to illustrate the impact of enabling costs falling to greater or lesser extent on an individual phase or site.

BENCHMARK LAND VALUE

5.18 The PPG notes that an 'Existing Use Value + Premium' approach is preferred (Paragraph: 015 Reference ID: 10-015-20190509) noting that Benchmark land value should:

- be based upon existing use value
- allow for a premium to landowners (including equity resulting from those building their own homes)
- reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees

5.19 The PPG continues that "*EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield*" (excluding any hope value for development) (Paragraph: 015 Reference ID: 10-015-20190509).

5.20 The premium is the second component, with guidance noting that this is "*the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.*" (Paragraph: 016 Reference ID: 10-016-20190509).

5.21 Given the nature of the Euston site the implications of abnormal and enabling costs will also be relevant to ensuring a robust assessment of viability.

5.22 The PPG does not consider the price paid for land to be a suitable benchmark, noting "*under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.*" (Paragraph: 014 Reference ID: 10-014-20190509). The Guidance continues that where evidence reflecting current policy "*is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.*" Such an approach would lead to circularity, with land values depressing policy expectations.

5.23 Separately the guidance notes that "*market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.*" (Paragraph: 015 Reference ID: 10-015-20190509).

5.24 Alternative Use Value is another approach to Benchmark Land Value that can be considered. Planning Practice Guidance urges caution is applied when using this approach, noting that "*if applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV.*" (Paragraph: 017 Reference ID: 10-017-20190509).

5.25 Greater London Authority guidance, while mainly focused on viability at decision making stage, also comments on Benchmark Land Value. The Affordable Housing and Viability SPG (2017) and Draft Development Viability LPG (2023) are aligned in setting a preference for an Existing Use Value + Premium approach. The guidance notes that caution is required where Alternative Use Value is used to ensure this reflects policy compliance and that there is market demand for the use. A Price Paid approach is not accepted.

5.26 Based on the above guidance this viability review adopts an Existing Use + Premium approach to Benchmark Land Value. Details of the values adopted are set out in the Appraisal Assumptions section of this report.

TIMING OF INFRASTRUCTURE, BURDEN ON SPECIFIC SITES AND BOOKEND TESTING

5.27 The results of the appraisal consider viability on an overall basis, which implicitly assumes that enabling costs are distributed evenly across the masterplan programme. Given the limitation of the information available at this stage a programme wide cashflow is not developed, which would be required to fully consider the implications the phasing of enabling costs.

5.28 The timing of when infrastructure costs are applied can impact the overall programme cashflow and viability of individual phases. This is demonstrated through the testing of specific 'bookend' sites which looks at the impact of individual plots absorbing a varying enabling cost burden. It will therefore be important to ensure that the phasing of infrastructure and planning obligations is optimised going forward, while also considering the timing of more viable commercial uses being brought forward in and around the station to support the delivery of residential uses which are currently more challenging.

5.29 Given the above factors it is recommended that when viability is considered going forward, as expected by the EAP, a programme wide cashflow approach be adopted as soon as the information is available to inform this analysis. This approach will allow the detailed cashflow impact of phasing

decisions to be understood, and the delivery of benefits to be balanced against enabling cost requirements. A bespoke approach could be developed and agreed through partnership working throughout the pre application stage.

ABNORMALS AND SITE-SPECIFIC INFRASTRUCTURE (ENABLING WORKS)

5.30 As noted in the policy section, the PPG confirms that abnormal and site-specific infrastructure costs should be included in viability assessments and associated benchmark land values. This is the basis on which enabling costs are included in the assessment, with these understood to be required to enable development on the sites. It would not be possible for development to come forward in the absence of these enabling works being undertaken, and these enabling works would also not be required or undertaken in the absence of the associated development.

5.31 HS2 and National Rail station refurbishment costs are excluded from this planning viability assessment, on the basis that these are costs related to national infrastructure projects proposed to be delivered with or without development at Euston. The Government's 10-year infrastructure strategy refers to exploring Public Private Partnerships (PPPs) and a TIF style mechanism to fund the station works at Euston, no further information is available around specific funding streams.

5.32 Other costs associated with the mitigation of certain direct impacts of the national infrastructure schemes are also excluded from this assessment on the basis that they are reported as mitigating significant impacts of the schemes. These include open space required to mitigate the impact of HS2 (reprovision of space lost to the scheme), certain public realm improvements (required to make the stations function and create an appropriate interchange which caters for the increased passengers) as well as improvements to existing transport infrastructure such as London Underground (LU) and bus station upgrade.

5.33 Much of the development which is the focus of the assessment (in the Euston Station masterplan area) is practically linked to the station improvement works. From a policy perspective, there are varying levels of interrelationships with some sites being entirely independent of these works and able to come forward for development regardless of what is ultimately delivered as part of the station and others which are intrinsically linked, in which case higher enabling costs are accounted for. Should any additional costs associated with development linked to transport infrastructure be identified later (such as the station requiring additional ventilation to allow for development), these additional costs may need to be taken into account as part of future viability assessments.

6. Appraisal Assumptions

GENERAL

6.1 The assumptions that inform the viability appraisals are set out in this section. In line with policy and guidance, assumptions are adopted on a present-day basis, reflecting a point in time position. Sensitivity testing is then conducted to provide an understanding of the implications if these assumptions were to change. This approach aligns to guidance.

STRATEGIC AND SCENARIOS

6.2 This EAP viability assessment considers the strategic sites set out in the following table. Figure 6.4 includes a map which highlights the location of these sites.

Table 6.1 Strategic Euston Masterplan Sites

GEA:	Option 1		Option 2		Option 3	
	Resi	Commercial	Resi	Commercial	Resi	Commercial
S/NR1	-	56,464m2	-	56,464m2	-	56,464m2
S/NR2	-	9,232m2	-	9,232m2	-	9,232m2
E/NR1	-	38,565m2	-	38,565m2	-	38,565m2
E/NR2	-	28,908m2	-	28,908m2	-	31,553m2
M/NR4	12,930m2	-	12,930m2	-	12,930m2	-
W/ASD1	-	46,058m2	-	46,058m2	-	51,007m2
W/ASD2	-	46,286m2	-	46,286m2	-	61,918m2
W/ASD3	-	27,336m2	-	27,336m2	-	29,838m2
N/C3	12,900m2	-	12,900m2	-	12,900m2	-
N/C1	37,075m2	-	37,075m2	-	45,295m2	-
M/NR2	-	-	-	69,428m2	-	69,428m2
N/C2	3,600m2	2,460m2	3,600m2	2,460m2	3,600m2	2,460m2
W/ASD4	-	-	-	22,360m2	-	-
S/OSD1	-	-	-	-	-	20,276m2
Totals	66,505 m2	255,309 m2	66,505 m2	347,097 m2	74,725 m2	370,741 m2

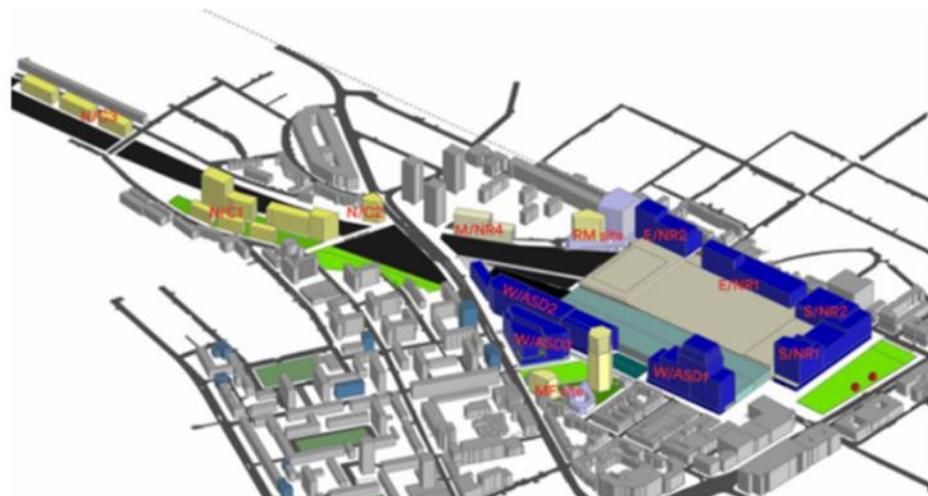
Table 6.2 Other Sites

GEA:	Resi	Commercial
RM	16,000m2	6,095m2
MF	24,450m2	4,205m2

6.3 Three scenarios have been modelled to assess the viability of different levels of development, they are based on the best available information at this time about where it might be possible to build taking account of railway infrastructure. There is ongoing landowner masterplanning work in progress which links to wider design and technical considerations. The final arrangements will be dependent on final station design and interdependencies, enabling works, detailed design, testing and phasing. Once this information is available further viability testing will be expected beyond the plan making stage as set out in the aforementioned sections of the EAP. The differences between the current scenarios are summarised below.

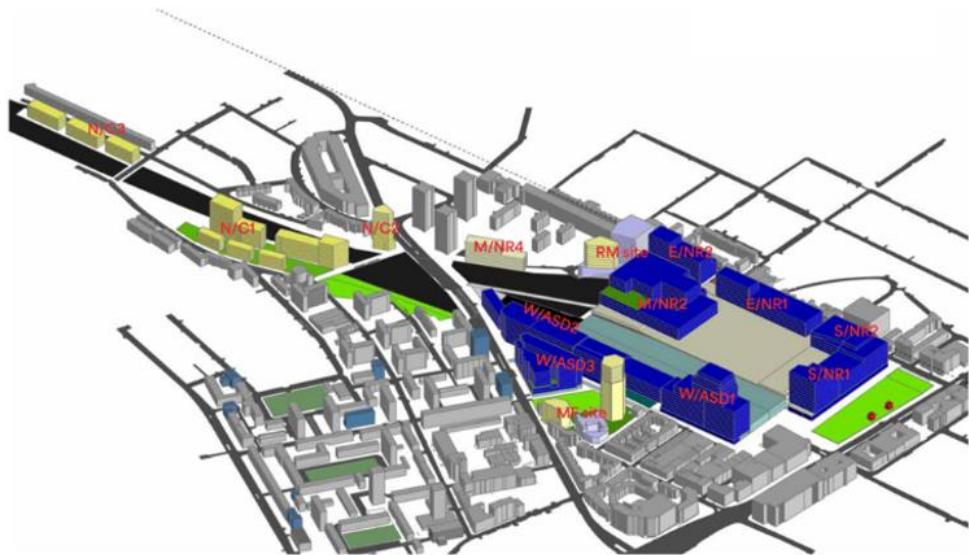
6.4 Option 1 capacity scenario is an option modelled with no over station development (OSD) works over HS2 station, and includes sites which are relatively more straightforward to develop. It takes a more cautious approach to heights, noting that all heights are in line with the London View Management Framework.

Figure 6.1 Option 1



6.5 Option 2 capacity scenario is an option that models more development alongside HS2 station in addition to adding OSD above the NR train shed and some additional height in key locations (some of the additional height is in the LVMF consultation zone).

Figure 6.2 Option 2



6.6 Option 3 capacity scenario is included for comparison purposes- it models elements of OSD to the front of the station and additional height on key sites – this option exceeds current planning policy and is included for comparison purposes.

Figure 6.3 Option 3

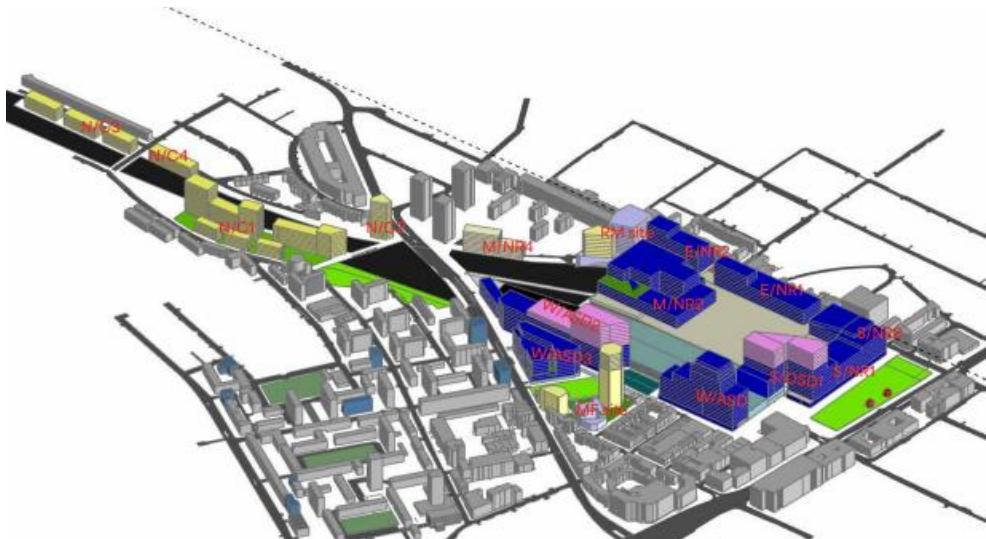
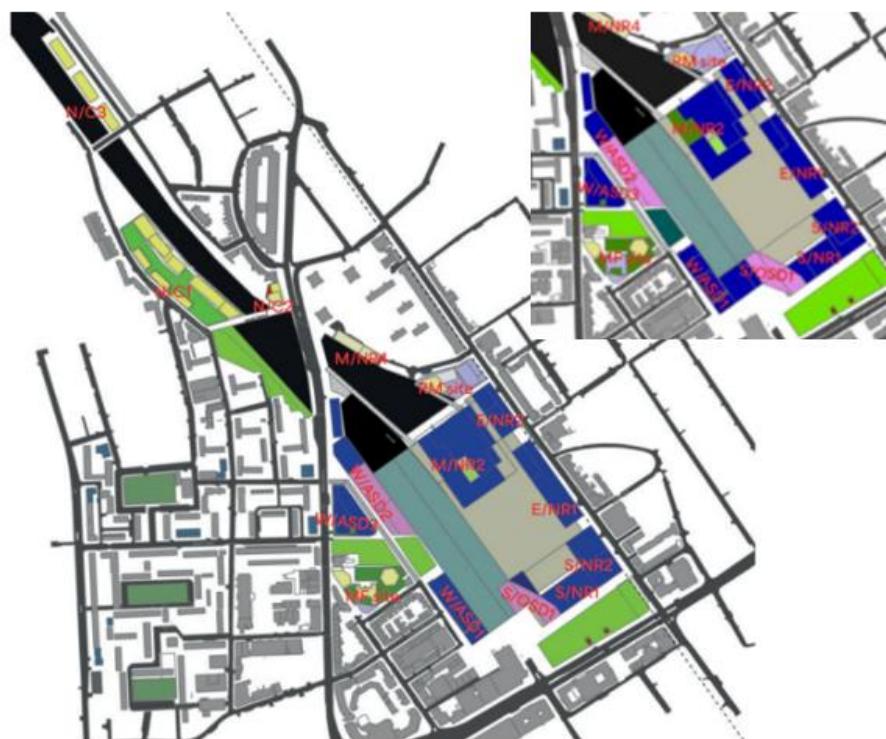


Figure 6.4 Site Plan



ASSUMPTIONS SUMMARY

6.7 The following table sets out the wider assumptions that have been adopted in the viability appraisals. As required by policy and guidance, these assumptions reflect a present day costs and value position, and represent a moment in time view. Further details on each line item can be found under the subsequent headings.

6.8 A range of sensitivity testing is included in the analysis to reflect a range of alternatives. For example, given the regeneration ambitions of the EAP it would be reasonable to assume that some element of placemaking premium could be achieved, which could result in residential and commercial values in excess of those stated below and could support deliverability.

Table 6.3 Viability Modelling Assumptions

Assumption	Value	Source
General		
Site Sizes (ha)	0.22-2.80 hectares Total Area of 6.1ha	Camden
Commercial Floorspace	255,309 - 370,741m ² GEA Commercial	Camden
Commercial Unit Mix	10% Lab, 1st Floor Retail, Majority Office	Camden
Residential Floorspace	66,505 - 74,725m ² GEA Residential	Camden
GEA to GIA	90%	Benchmarking
GIA to NIA	Residential: 70% Commercial: 80%	Benchmarking
GEA to NIA	Residential: 63% Commercial: 72%	Benchmarking
Separate Sites	Royal Mail: 16,000m ² residential 6,095m ² commercial Maria Fidelis: 24,540m ² residential 4,205m ² commercial	Camden
Values		
Market Residential Sales Values (blended)	£1,300/ft ² (for non-station sites)	Benchmarking
Affordable Values	Camden Intermediate Studio - £471/ft ² 1 bed - £438/ft ² 2 bed - £421/ft ² London Affordable 1 bed - £314/ft ² 2 bed - £256/ft ² 3 bed - £214/ft ² 4 bed - £214/ft ²	Intermediate Rents - Camden Affordable Rents - GLA
Commercial Rents	Market Office: £80 / sqft Lab: £110 / sqft Retail: £60 /sqft 24-month void/rent free period	Market reports / benchmarking
Commercial Yields	Office: 5.25% Retail: 5.5%	Benchmarking

	Life Science: 4.5% Affordable Office: 4.75%	
Affordable Office	50% Rent - 20% of Office Space 15 Years before converting back	Camden Planning Guidance Employment Sites & Business Premises London Plan E3 Affordable Workspace
Purchasers Costs	6.8% of GDV	Market Assumption
Costs		
Build Costs (blended)	Office – £335/ft2 Residential – £350/ft2 Lab - £365/ft2 Retail – £338/ft2	Market benchmarking
Demolition	£30/m2 - surfaces £150/m2 - buildings	Benchmarking
External Works	10% Build Cost	Benchmarking
Professional Fees	11% of Build Cost	Market Assumption
M4(3) Wheelchair	£5k/flat	London Plan D7 Accessible Housing / BNPP
Buildings Regs / Staircases	3% of Build Cost	Building Regs 2022
Carbon	4.5% of Build Cost	Benchmarking
Sustainability	4.5% of Build Cost	Benchmarking
Contingency	5% of Construction	Benchmarking
Mayoral CIL	MCIL2 Zone 1 £94.79 / m2 at current indexation	GLA CIL Charging Schedule
Camden CIL	Varies depending on development	Camden CIL Charging Schedule
Building Levy costs	£43.56/m2 of GIA	Building Safety Levy: Guidance
Letting Agent Fee	10% First Year Rent	Benchmarking
Sales Legal Fees	1.5% GDV Resi 0.5% Affordable Resi	Benchmarking
Marketing	1.5%	Benchmarking
Purchasers Costs	6.8% Commercial GDV	Benchmarking
Developer Profit Allowance	Commercial: 15% GDV Residential: 17.5% GDV Affordable: 6% GDV	Market Assumption
Finance Costs	7%	Benchmarking
Timings		
Enabling & Demolition Durations	12 months	Assume sites come forward individually
Build Durations	24 months	Assume sites come forward individually
Sale Duration (after construction)	18 months	Assume sites come forward individually

Residual Land Value Target		
Demolition & Enabling Works	c. £670m - 811m across the site	Derived from Sprint Report & Delivery Partners
Benchmark Land Value	c. £100m	Benchmarking

DEVELOPMENT MASSING

6.9 As discussed above, the development scenarios and massing have been provided by Camden and have been informed by a design-led capacity exercise to arrive at an optimal level of development for capacity testing purposes, considering site constraints, policy, opportunities and crucially the land that is likely to be made available for development based on the best information available at the time of writing. The exact level and location of development will be dependent on final station designs and enabling and detailed design and testing of development plots.

6.10 The base assumptions adopt a policy level of affordable housing and workspace, which are then varied in sensitivity analysis to identify the impact of the flexibility allowed under policy where viability limitations can be demonstrated.

EFFICIENCY

6.11 Based on industry benchmarks for central London developments, a Gross Internal Area to Net Internal Area ratio of 80% has been adopted for commercial space and 70% for residential. Both assume a Gross External Area to Net Internal Area allowance of 90%.

MARKET RESIDENTIAL VALUES

6.12 The market sales values adopted in the base position have been arrived at based on local comparable analysis. Placemaking reflects the broader benefits of an enhanced public realm and high-quality site improvements, which can strengthen market perception and demand in the area. While these benefits are not included in the base appraisal, they are considered through sensitivity testing to capture potential value uplift arising from improved transport links, connectivity, and the wider regeneration of the site.

6.13 The EAP (Strategic Principle EAP 1) does note that a proportion of non-traditional housing such as student and build to rent may be appropriate, in the adopted massing the residential element of the scheme is assumed to be C3 residential. Differences in costs, values, efficiency, income certainty, reduced development and sales risk, lower required profit margins, and greater funding efficiency would offset one another to an extent, so at the current level of information these uses have not been tested.

6.14 Placemaking reflects the broader benefits of an enhanced public realm and high-quality site improvements, which can strengthen market perception and demand in the area. While these benefits are not included in the base appraisal, they are considered through sensitivity testing to capture

potential value uplift arising from improved transport links, connectivity, and the wider regeneration of the site.

AFFORDABLE VALUES

6.15 The values adopted in the appraisal are based on a discounted cashflow calculation that arrives at the price that a registered provider could acquire these homes for. The tenures assume 60% affordable 40% intermediate and are reflective of the expectations of the Draft new Local Plan.

COMMERCIAL RENTS AND YIELDS

6.16 Commercial rents and yields are based on comparable analysis of the local market. The rents are capitalised using the yields to arrive at a capital value. Appropriate incentives in the form of rent frees are also allowed for.

AFFORDABLE OFFICE

6.17 A 20% assumption is adopted as a starting point that aligns to the headline policy figure. Sensitivity testing is carried out to test reductions from this starting point in line with the flexibility included in draft New Local Plan Policy IE4, which prioritises the delivery of self-contained homes and particularly affordable housing on mixed use schemes.

COMMERCIAL PURCHASER'S COSTS

6.18 Purchaser's costs are deducted from the capitalised value of the rents to arrive at the price that an investor would pay to acquire the completed commercial unit. These are set at a benchmarked rate.

BUILD COSTS

6.19 The build costs that have been adopted are reflective of the nature of the development proposed in the different options. Similar developments have been benchmarked against and considered alongside BCIS information to arrive at assumptions with consideration for building typologies. It is assumed that HS2 will fund the replacement of any lost greenspace as part of its statutory assurances, with this being separate from public realm works included within the development's external works allowances. Similarly, upgrades to transport infrastructure such as bus stops, taxi facilities, and other necessary improvements are assumed to be delivered by HS2 or as part of wider transport investment, with the development itself not generating a requirement for these works. Scheme specific requirements are captured in the S106 figure and CIL allowance.

DEMOLITION COSTS

6.20 Demolition have been benchmarked from other developments with different cost assumptions used for surfaces and existing buildings respectively.

EXTERNAL WORKS

6.21 The allocation for external works (groundworks, landscaping, etc.) has been allocated at 10% of build cost. This has been benchmarked from comparable developments and represents the average across sites.

PROFESSIONAL FEES

6.22 The allowance for professional fees has been arrived at based on benchmarking of similar schemes. A range of between 10% and 11% would be considered appropriate in the current market, with an 11% allowance adopted.

BUILDING SAFETY LEVY

6.23 The government has set and listed levy rates for each local authority that aims to ensure developers contribute to safety costs. It comes into effect on October 1, 2026.

BUILDING REGS / STAIRCASES

6.24 Have based this on the cost quoted by CDM for Camden's local plan viability study, reflecting the requirements from Building Regulations 2022 and staircases.

M4(3) WHEELCHAIR

6.25 The London Plan Policy D7 Accessible Housing, which identifies that 90% of units must meet Building Regulations Part M4(2) 'Accessible and Adaptable dwellings' and 10% of units are to be provided as M4(3) 'wheelchair user dwellings'. Have based this on the cost quoted by CDM for Camden's local plan viability study.

CARBON

6.26 To meet the council's whole life cycle carbon policy as well as net-zero requirements, we have allowed a 4.5% uplift on build costs.

SUSTAINABILITY

6.27 To meet the council's sustainability requirements, we have allowed a 4.5% uplift on build costs.

CONTINGENCY

6.28 Contingency is required to reflect unexpected costs as the project progresses through development. A 5% figure is adopted considering the risks of the scheme and that cost allowances have already been made elsewhere to reflect the scheme complexity.

PLANNING OBLIGATIONS

6.29 Local and Mayoral CIL figures are adopted based on the nature of development and the location of each individual site. This CIL cost covers a range of community infrastructure expectations and the level of S106 cost is aligned to this assumption. The EAP also notes that several of its objectives are to be funded via CIL contributions or S106. Existing S106 and professional fee allowances are

assumed to cover the cost of the strategies required by the EAP noted in the policy section. It is noted that a CIL in lieu approach could also offer benefits in certain circumstances.

LETTING, SALES AND LEGAL COSTS

6.30 These costs reflect benchmark figures and represent the cost to the developer of selling or letting completed residential or commercial units.

MARKETING COSTS

6.31 Cost has been included for marketing residential units to reflect the activities required to generate the assumed sales values.

DEVELOPER PROFIT ALLOWANCE

6.32 An allowance must be included for developer profit, which reflects the risk involved in bringing forward a development project and is distinct from the land receipt to the landowner. The adopted profit on GDV figures consider the PPG as well as wider benchmarking. Profit-on-GDV offers a simple and transparent measure of overall profitability, independent of detailed cost or phasing assumptions, and allows comparison with typical market return expectations.

6.33 Other profit metrics could also be appropriate for future assessments when sufficient detail is available to make these meaningful. For example, when more detail on the phasing and delivery approach is available IRR could a useful measure given the commercial focus and phased nature of the masterplan. This metric captures the timing of cash flows and investment returns across multiple phases.

6.34 Lastly, it is recognised that delivery approaches could be adopted where the landowner and developer act in partnership and share the return, with no set payment for land. This approach has not been considered to align to standard guidance led practice, however given the unique circumstances of the masterplan area it may be appropriate to consider this detail if other more bespoke considerations are made around viability during future review.

FINANCE COSTS

6.35 In line with guidance, the appraisal adopts a 100% debt funded approach, which reflects the cost of capital involved in bringing forward a development. Individual applicants are likely to have a range of funding approaches, but policy requires a non-applicant specific approach be taken to assessing viability. Reflecting the medium to long term nature of the plan period, a finance rate of between 6.5% and 7.0% would be considered reasonable. Currently an assumption of 7.0% has been adopted.

FINANCE ON ENABLING COSTS

6.36 The appraisal assumes that (residualised) land + enabling cost is drawn down starting from day 1 during the enabling period. In the model, finance costs are applied as these costs are incurred. Were

enabling costs to be more significantly frontloaded relative to the overall programme, finance costs would increase.

6.37 Taken as a percentage of GDV, the finance costs currently calculated are at the upper end of the range of major scheme benchmarks that require upfront infrastructure. Given this position, the current allowances are believed reasonable.

6.38 Going forward the optimisation of the phasing of parcels and associated works will be a key consideration. As noted in the methodology section, it would be appropriate when sufficient detail is available to adopt a programme wide cashflow, for which an IRR metric could be adopted which implicitly reflects a cost of capital.

ENABLING COSTS

6.39 The enabling costs will be particularly important for sites that form part of the Euston station area, as significant works are required to bring the sites forward in the context of the station. The potential enabling costs adopted in the appraisal are based on cost studies and have been arrived at as the current best estimate of costs through work with Camden and engagement with the Euston Partnership. As part of this engagement indexation has been applied to bring historic costs to the present day, as well as adjustments to reflect the different scenarios. This approach has been agreed as a sensible basis at this point in time. Going forward it will be important to ensure that up to date enabling costs are captured. An ongoing process of updating involving open dialogue and information sharing will therefore be important.

6.40 The following table aims to ensure clarity on several aspects of the enabling cost assumptions adopted for appraisal purposes. This includes where enabling cost assumptions are intrinsically linked to wider assumptions.

Table 6.4 Enabling Cost Assumptions

Consideration	Notes
Station improvement works and enabling costs	The appraisal assumes that enabling costs do not currently include HS2 station delivery costs and National Rail station upgrade costs, which is discussed in the policy section of this report.
Impact of enabling works on placemaking value	The values adopted in the base modelling reflect a present-day position, in line with guidance, excluding placemaking. Placemaking and wider improvements may generate additional value.
The use of land receipts / development returns	This viability assessment is applicant nonspecific, in line with policy and guidance. On this basis no assumptions are made regarding the use of land receipts or development returns.
Fees on enabling costs	Professional fees and contingency have not been added to the appraisal in relation to enabling costs as these fees are understood to have already been included in the figures that the enabling costs stemmed from.

6.41 Given the uncertainty in enabling costs the appraisal has taken the approach of identifying the residual value in the absence of these costs, then testing this value against the potential enabling cost

and benchmark land value to provide an understanding of viability. Enabling costs are assumed to include utilities.

DEMOLITION COSTS

6.42 Base demolition has been added to the appraisal separately from the enabling works costs. As the enabling works may in part include demolition allowances, there is potential for a small element of base demolition to be double counted. This is expected to be immaterial and is unavoidable given the current level of detail available for enabling works.

EXTERNAL SUBSIDY

6.43 The viability assessment does not include grant, on the assumption that grant funding is not available for any affordable housing provided through planning obligations. Were grant to be available for planning obligations at the time of application the level of affordable housing delivered could be higher. There is also the potential for grant to be used to deliver affordable above the maximum viable level, again this would represent additional affordable.

BENCHMARK LAND VALUE

6.44 Arriving at a detailed benchmark land value for a site the size of the Euston Masterplan area is a complex exercise that is beyond the scope of this study. Policy considerations around the approach to benchmark land value are considered in Section 5, practical considerations are considered below. Key considerations include the fact that several of the sites have existing uses, several have temporary existing uses related to HS2 but no long term consented use class, some are also effectively air rights developments - built above existing uses that may or may not be retained.

6.45 Adopting an alternative use approach is not the preferred approach of policy and guidance, but may be an appropriate consideration for several of the currently vacant sites. Given the policy context of the area however, options for such uses would be limited, with policy encouraging the uses that are assessed as part of this viability appraisal. Open storage for example, may be resisted where an extant consent does not exist.

6.46 While the above factors could lead to relatively low land values, some level of value should be assumed. Market transaction data could be used as a sense check, although the PPG makes clear that the price paid for land is not a consideration. There is a risk that a detailed exercise would focus on precision at the expense of accuracy, at this stage it is best to consider the impact of a notional range of land values, recognising that not all may not be considered reasonable. The following table highlights a range of indicative values.

Table 6.5 Benchmark Land Values

Ref	Use	Value	Source	Site £ (main EAP masterplan sites)
1	Industrial	£6.0m/ha	VOA Land Value Estimates for Policy Appraisal	£30.8m - £36.4m
2	Open Storage	£12.9m/ha	Knight Frank Industrial Open Storage Report Carter Jonas Open Storage Update	£66.2- £78.2m
3	Industrial	£20.2m/ha	Comparable Analysis	£103.6m - £122.4m
4	Industrial	£25.9m/ha	BNPP Camden Local Plan Review Viability Study	£132.8m - £156.9m

6.47 At this stage a BLV broadly aligned to open storage value plus a premium has been adopted reflecting the limited existing uses and alternative options for many of the sites, alongside the need to apply some level of value. It would be reasonable to expect a greater level of detail once more detailed wider assumptions are developed, with a mix of valuations likely being required. Such a valuation may fall above or below the current allowance.

6.48 Lastly, it is noted that given the unique nature and circumstances of the masterplan area it may be appropriate to consider alternative approaches to profit and return, reflecting scenarios where the landowner and developer brings sites forward together, sharing returns and having no set land payment, for example through a joint venture. Guidance on planning viability recommends the more straightforward approach, however if during future assessment other assumptions are amended to reflect other details, it may also be beneficial to consider factors such as approach to land and profit on a more bespoke basis.

7. Appraisal Results

7.1 This section sets out the results of the base appraisals and scenario testing. As discussed in the assumptions section of this note, while the current analysis reflects the best available information, as the masterplan progresses and further information becomes available the EAP recognises that further viability testing will be carried out.

MASTERPLAN SCENARIOS

7.2 The following table summarises the outputs of the base viability appraisal for Option 2. This aims to provide an understanding of the working of the appraisal, with scenarios presented beyond this point shown in a combined site format for clarity.

7.3 The table sets out the residual value that is generated by the sites, which as noted in the methodology are considered on an overall basis given the role equalisation will likely play in distributing the enabling costs. Maria Fidelis (MF) and Royal Mail (RM) are considered separately. Enabling costs and an indicative Benchmark Land Value are then deducted from the residual to identify either a viable position or deficit. As noted in Section 6, the land value reflects a broad allowance and therefore the focus on the results is on the overall magnitude of any viability surplus or deficit, and is subject to more detailed viability going forward.

7.4 In this initial scenario, Option 2 demonstrates an unviable position based on current assumptions, including those for enabling costs and land value, when adopting a 50% affordable level and 20% affordable office level. This scenario highlights how the level of enabling costs could render wider policy targets challenging to achieve. Given the uncertainty in the current enabling costs this result, and all the results, should be treated with an element of caution, with further viability testing required as information is updated. The sensitivity sections are important results that then demonstrate how in scenarios where viability is challenged, the policy flexibility encouraged by the EAP would enable Option 2 to be deliverable.

Table 7.1 Option 2 Base Appraisal Outputs 50% Affordable

	Income	Cost Inc finance and developer profit)	Residual land value
S/NR1	£611.5m	£463.4m	£148.1m
S/NR2	£95.6m	£74.4m	£21.2m
E/NR1	£419.5m	£317.1m	£102.4m
M/NR4	£70.1m	£84.1m	-£14.0m
N/C3	£69.9m	£84.0m	-£14.1m
M/NR2	£735.2m	£564.4m	£170.8m
N/C2	£43.2m	£42.6m	£0.6m
W/ASD4	£247.8m	£185.7m	£62.1m
E/NR2	£315.9m	£238.1m	£77.7m
W/ASD1	£508.5m	£381.2m	£127.2m
W/ASD2	£507.0m	£382.4m	£124.5m
W/ASD3	£302.9m	£227.0m	£75.9m
NC1	£201.0m	£241.2m	-£40.2m
Total residual value			£842.5m
LESS Enabling cost			£784.0m
LESS Benchmark land cost			£100.0m
Surplus / (deficit)			(£41.5m)

7.5 The following tables set out the results of all three development scenarios, with affordable level tested ranging from the base 50% position to a 0% contribution. Affordable office is maintained at 20% in these scenarios. These results are in Residual Land Value terms, which should be compared against the noted target that reflects enabling costs and benchmark land value. The results are displayed this way to ensuring clarity over the RLV position. The outputs demonstrate that based on currently available information, 50% affordable would be unviable, with the flexible application of policy required to ensure deliverability.

7.6 Options 1 to 3 increase in density, with Option 1 being the least dense. Greater density results in the 'fixed' enabling cost burden to be spread over greater floorspace, having a positive impact on viability. Option 3 is understood to go beyond current policy expectations but identifies how flexibility in this area could deliver greater planning benefits. Given the lower density, Option 1 is shown to be unviable based on varying the affordable housing inclusion alone. Later analysis considers whether also varying affordable office would move this Option to a viable position.

Table 7.2 Varying Resi Affordable Level

RLV	Affordable Residential					
	50%	40%	30%	20%	10%	0%
Option 1 £770m Target	£609.6m	£631.2m	£652.3m	£672.7m	£692.9m	£713.0m
Option 2 £884m Target	£842.5m	£864.1m	£885.2m	£905.6m	£925.8m	£945.9m
Option 3 £911m Target	£894.4m	£918.6m	£942.4m	£965.3m	£988.0m	£1,010.6m

MASTERPLAN SCENARIOS - SENSITIVITY OF AFFORDABLE COMMERCIAL & AFFORDABLE RESIDENTIAL

7.7 The following tables bring in affordable commercial as a policy level that can be flexed alongside affordable residential. Each Option is set out in a separate table, with the level of affordable commercial changing on the vertical axis and level of affordable residential changing on the horizontal axis. These results are in Residual Land Value terms, which should be compared against the noted target that reflects enabling costs and benchmark land value.

7.8 The results for Options 2 and 3 illustrate how affordable commercial could be reduced to support greater affordable housing delivery, which is a policy priority. If affordable residential was reduced to 0% for Option 1 this scenario would remain marginally unviable, given the uncertainty current assumptions future changes may enable a scheme of this nature to be viable, placemaking could close the gap, or failing this additional funding may be required.

Table 7.3 Sensitivity Testing Option 1: Affordable Resi & Commercial

RLV		Affordable Residential					
321,814 GEA		£770m Target					
Affordable Commercial	50%	40%	30%	20%	10%	0%	
	20%	£609.6m	£631.2m	£652.3m	£672.7m	£692.9m	£713.0m
	15%	£618.6m	£640.1m	£661.2m	£681.7m	£701.8m	£722.0m
	10%	£627.6m	£649.1m	£670.2m	£690.6m	£710.8m	£731.0m
	5%	£636.5m	£658.1m	£679.2m	£699.6m	£719.8m	£740.0m
	0%	£645.5m	£667.1m	£688.2m	£708.6m	£728.8m	£748.9m

Table 7.4 Sensitivity Testing Option 2: Affordable Resi & Commercial

RLV		Affordable Residential					
413,602 GEA		£884m Target					
Affordable Commercial		50%	40%	30%	20%	10%	0%
	20%	£842.5m	£864.1m	£885.2m	£905.6m	£925.8m	£945.9m
	15%	£854.5m	£876.0m	£897.1m	£917.5m	£937.7m	£957.9m
	10%	£866.4m	£887.9m	£909.0m	£929.5m	£949.6m	£969.8m
	5%	£878.3m	£899.8m	£921.0m	£941.4m	£961.5m	£981.7m
	0%	£890.2m	£911.8m	£932.9m	£953.3m	£973.5m	£993.7m

Table 7.5 Sensitivity Testing Option 3: Affordable Resi & Commercial

RLV		Affordable Residential					
445,466 GEA		£911m Target					
Affordable Commercial		50%	40%	30%	20%	10%	0%
	20%	£894.4m	£918.6m	£942.4m	£965.3m	£988.0m	£1,010.6m
	15%	£907.1m	£931.3m	£955.1m	£978.0m	£1,000.7m	£1,023.3m
	10%	£919.8m	£944.0m	£967.8m	£990.7m	£1,013.4m	£1,036.0m
	5%	£932.5m	£956.7m	£980.5m	£1,003.4m	£1,026.1m	£1,048.7m
	0%	£945.2m	£969.4m	£993.2m	£1,016.1m	£1,038.8m	£1,061.4m

SEPARATE STRATEGIC SITES – ROYAL MAIL & MARIA FIDELIS

7.9 The Royal Mail and Maria Fidelis sites are considered separately on the basis that they are distinct landholdings that are not expected to incur the enabling costs that the wider masterplan area is affected by. A benchmark land value allowance of £9m for Royal Mail and £13m for Maria Fidelis is included. Both sites are residential focused; on a standalone basis, the viability position is a -£6m

deficit for Royal Mail and -£17m deficit for Maria Fidelis at 50% affordable. At 30% affordable, the viability position is a +£7m surplus for Royal Mail & +£4m surplus for Maria Fidelis.

Table 7.6 Royal Mail Site Base Appraisal Outputs

Royal Mail (22,095 GEA, 72% Residential GEA)						
Affordable %	50%	40%	30%	20%	10%	0%
Income	£159.7m	£173.4m	£187.0m	£200.7m	£214.3m	£228.0m
Cost (inc finance and developer profit)	£157.0m	£163.8m	£170.6m	£177.5m	£184.3m	£191.1m
Total Residual Value	£3m	£10m	£16m	£23m	£30m	£37m
Benchmark Land Cost	£9.0m	£9.0m	£9.0m	£9.0m	£9.0m	£9.0m
Surplus (Deficit)	(£6m)	£1m	£7m	£14m	£21m	£28m

Table 7.7 Maria Fidelis Site Base Appraisal Outputs

Maria Fidelis (28,745 GEA, 85% Residential GEA)						
Affordable %	50%	40%	30%	20%	10%	0%
Income	£196.7m	£217.7m	£238.6m	£259.5m	£280.5m	£301.4m
Cost (inc finance and developer profit)	£200.5m	£211.0m	£221.5m	£232.0m	£242.5m	£252.9m
Total Residual Value	(£4m)	£7m	£17m	£28m	£38m	£48m
Benchmark Land Cost	£13.0m	£13.0m	£13.0m	£13.0m	£13.0m	£13.0m
Surplus (Deficit)	(£17m)	(£6m)	£4m	£15m	£25m	£35m

7.10 Together masterplan and site-specific testing results demonstrate that flexibility in the application of affordable housing and affordable commercial policy is a key lever that can be used to ensure schemes are viable and deliverable through a range of market conditions and points in the economic cycle. While Camden has strategic targets policy supports flexibility in the required level of affordable

housing when supported by viability evidence. This policy in this way will support the viability and deliverability of the EAP.

SENSITIVITY TESTING - PLACEMAKING IMPACT

7.11 While the base scenario is on a present-day costs and values basis, the scale of redevelopment and masterplanning ambition creates a strong case for placemaking value. This may be further enhanced further if station upgrade plans proceed. The impact of a 2.5% premium over 4 years is demonstrated in Table 7.8. Taking a view on the generation of such value over the lifetime of the scheme would allow positions that are identified as having challenging viability in the base analysis to be brought forward.

Table 7.8 Station Improvements Placemaking Impact at 30% Affordable Resi Base

Scenario	Total GDV	Scheme Cost	Residual Land Value
Option 2 without Placemaking	£4,215m	£3,330m	£885m
Option 2 with Placemaking	£4,555m	£3,444m	£1,111m
Difference	+ £340m	+ £114m	+ £226m

SENSITIVITY TESTING - COSTS AND RESIDENTIAL VALUES

7.12 The assumptions in the development appraisals carry inherent uncertainty and will be subject to change over the lifetime of the plan throughout market cycles. Sensitivity testing is therefore important to understand the impact that changes can have on the outcome, as noted in guidance. Cost and values are two inputs that residual appraisals are most sensitive to and are indicatively tested in the below tables. These results are in Residual Land Value terms, which should be compared against the noted target that reflects enabling costs and benchmark land value, a 30% affordable position is used as a base.

7.13 The results show the sensitivity of the outputs to changes in costs and values, highlighting the sensitivity of outputs in the context of the enabling costs. For example, under the 30% affordable starting position, a 5% increase in values and 5% reduction in cost would move Option 1 to a viable position. The results underscore the importance of the flexibility afforded by policy.

Table 7.9 Sensitivity Testing Option 1: Costs & Values at 30% Affordable Resi Base

RLV		All Values (Commercial and Market)				
321,814 GEA						
£770m Target						
All Costs		-10%	-5%	0%	+5%	+10%
	+10%	£324.7m	£420.2m	£514.8m	£608.4m	£701.1m
	+5%	£393.7m	£489.1m	£583.6m	£677.1m	£769.5m
	0%	£462.6m	£557.9m	£652.3m	£745.5m	£837.7m
	-5%	£531.4m	£626.6m	£720.7m	£813.7m	£905.9m
	-10%	£600.1m	£695.0m	£788.9m	£881.9m	£974.1m

Table 7.10 Sensitivity Testing Option 2: Costs & Values at 30% Affordable Resi Base

RLV		All Values (Commercial and Market)				
413,602 GEA						
£884m Target						
All Costs		-10%	-5%	0%	+5%	+10%
	+10%	£461.8m	£585.8m	£708.7m	£830.2m	£950.6m
	+5%	£550.3m	£674.3m	£797.0m	£918.4m	£1,038.5m
	0%	£638.7m	£762.6m	£885.2m	£1,006.4m	£1,126.2m
	-5%	£727.1m	£850.8m	£973.1m	£1,094.1m	£1,213.9m
	-10%	£815.3m	£938.8m	£1,060.8m	£1,181.8m	£1,301.6m

Table 7.11 Sensitivity Testing Option 3: Costs & Values at 30% Affordable Resi Base

RLV		All Values (Commercial and Market)				
445,466 GEA						
£911m Target						
All Costs		-10%	-5%	0%	+5%	+10%
	+10%	£487.1m	£620.3m	£752.3m	£882.9m	£1,012.1m
	+5%	£582.4m	£715.6m	£847.4m	£977.9m	£1,106.8m
	0%	£677.6m	£810.7m	£942.4m	£1,072.5m	£1,201.2m
	-5%	£772.8m	£905.7m	£1,037.1m	£1,166.9m	£1,295.7m
	-10%	£867.8m	£1,000.4m	£1,131.5m	£1,261.4m	£1,390.1m

SENSITIVITY VALUES AND AFFORDABLE

7.14 In practice, multiple factors will combine to influence viability. The following tables demonstrate how additional value alongside flexibility in the level of affordable could combine to arrive at a viable position. These results are in Residual Land Value terms, which should be compared against the noted target that reflects enabling costs and benchmark land value.

7.15 Reductions in values and increases are also possible, but these should be considered in this context of other levers being present, supporting the case that schemes will be deliverable under the EAP in a range of circumstances.

Table 7.12 Sensitivity Testing Option 1: Values & Affordable Residential

RLV 321,814 GEA £770m Target	Affordable Residential						
		50%	40%	30%	20%	10%	0%
All Values (Commercial and Market)	-10%	£424.2m	£443.6m	£462.6m	£481.3m	£499.5m	£517.3m
	-5%	£517.4m	£537.8m	£557.9m	£577.6m	£596.6m	£615.6m
	0%	£609.6m	£631.2m	£652.3m	£672.7m	£692.9m	£713.0m
	+5%	£700.9m	£723.5m	£745.5m	£766.9m	£788.3m	£809.6m
	+10%	£791.4m	£815.0m	£837.7m	£860.3m	£882.9m	£905.4m

Table 7.13 Sensitivity Testing Option 2: Values & Affordable Residential

RLV		Affordable Residential					
413,602 GEA		£884m Target					
		50%	40%	30%	20%	10%	0%
All Values (Commercial and Market)	-10%	£600.4m	£619.7m	£638.7m	£657.4m	£675.7m	£693.4m
	-5%	£722.1m	£742.5m	£762.6m	£782.3m	£801.3m	£820.3m
	0%	£842.5m	£864.1m	£885.2m	£905.6m	£925.8m	£945.9m
	+5%	£961.8m	£984.4m	£1,006.4m	£1,027.7m	£1,049.1m	£1,070.5m
	+10%	£1,079.8m	£1,103.5m	£1,126.2m	£1,148.8m	£1,171.3m	£1,193.9m

Table 7.14 Sensitivity Testing Option 3: Values & Affordable Residential

RLV		Affordable Residential					
445,466 GEA		£911m Target					
		50%	40%	30%	20%	10%	0%
All Values (Commercial and Market)	-10%	£634.5m	£656.3m	£677.6m	£698.6m	£719.2m	£739.1m
	-5%	£765.1m	£788.1m	£810.7m	£832.8m	£854.2m	£875.5m
	0%	£894.4m	£918.6m	£942.4m	£965.3m	£988.0m	£1,010.6m
	+5%	£1,022.4m	£1,047.8m	£1,072.5m	£1,096.5m	£1,120.6m	£1,144.6m
	+10%	£1,149.1m	£1,175.7m	£1,201.2m	£1,226.6m	£1,252.0m	£1,277.3m

BOOKEND SITES - UNEVEN IMPACT OF ENABLING WORKS

7.16 As noted in the methodology section, bookend sites have also been tested to explore the viability position of individual sites within the programme, alongside the impact of enabling costs placing a

greater burden on certain sites. Two sites are tested, N/C1 which is fully residential, and E/NR1, which is fully commercial.

7.17 The table of results include different levels of enabling costs and note the level that would represent an equal share of enabling costs if apportioned on a floorspace basis. The results, based on the best currently available assumptions that are subject to change, demonstrate that while the commercial sites would be viable with a greater burden on enabling costs, residential sites would face challenging viability if expected to deliver a high level of affordable alongside funding significant enabling costs on a standalone basis.

7.18 The EAP recognises these dynamics, which are part of the rationale for the concentration of commercial uses in the station area and closer to Euston Road is to realise the greater values which can be used to support the delivery of residential development elsewhere in the masterplan area, including in Camden Cutting. Section 4.1 of the EAP and Development Principle EAP 3 set out this expectation that the Euston Station sites should support the Camden Cutting sites.

Table 7.15 Residential Base Appraisal Outputs

N/C1 (100% residential)		37,075 m ² GEA						
Surplus		Affordable %						
Enabling Costs		50%	40%	30%	20%	10%	0%	
	£0m	-£40m	-£28m	-£16m	-£5m	£6m	£18m	
	£20m	-£60m	-£48m	-£36m	-£25m	-£14m	-£2m	
	£40m	-£80m	-£68m	-£56m	-£45m	-£34m	-£22m	
	£60m	-£100m	-£88m	-£76m	-£65m	-£54m	-£42m	
	£80m	-£120m	-£108m	-£96m	-£85m	-£74m	-£62m	

£80m enabling based on share of GEA 

Table 7.16 Commercial Site Base Appraisal Outputs

ENR1 (100% commercial)		38,565 m ² GEA	
Surplus			
Enabling Costs		£0m	£102m
	£25m	£77m	
	£50m	£52m	
	£75m	£27m	
	£100m	£2m	
	£125m	-£23m	

£80m enabling based on share of GEA 

8. Conclusion

- 8.1 This study tests the ability of development at and around Euston station to support the cumulative burden of policies from the emerging EAP and wider policy landscape. The purpose of this testing is to ensure an appropriate balance between delivering policy objectives and ensuring a reasonable return to landowners in accordance with expectations of the NPPF.
- 8.2 The study is based on the best information currently available. It is important to note that significant uncertainty exists in the enabling costs and wider masterplan details, this viability assessment should therefore be considered high level. These costings will continue to be refined as the scheme proposals are progressed alongside wider funding and delivery structures. Sections 5.1 and 5.6 of the Draft EAP acknowledge this current limitation in the available information to inform assumptions and therefore viability picture, and state an expectation that viability assessment will play an ongoing role going forward.

VIABILITY RESULTS

- 8.3 The viability testing undertaken adopts a starting point that aligns to the strategic policy targets in Camden and London Plan policy. Key elements of this are the strategic 50% affordable housing target in policy H4 of the draft New Camden Local Plan and H5 of the London Plan, which the EAP aligns to. It is noted that many of the sites in the EAP area are public land, therefore policy H5 would apply a 50% fast track threshold to these sites.
- 8.4 The results of this testing identify that under current assumptions, which carry the noted uncertainty, the sites would not be viable at 50% affordable residential and 20% affordable commercial. This position reflects current market conditions and the current enabling costs assumptions. The former is driven by a period of rising costs aligning to a downturn in the residential market.
- 8.5 Draft New Local Plan policy H4 and London Plan policy H5 both support flexibility through the viability tested route. The supporting text for Draft New Local Plan policy IE4, affordable workspace, acknowledges the role viability testing will play in identifying suitable responses to this policy. Section 5.1 and 5.6 of the EAP also support flexibility and future viability testing, key paragraphs are noted in the policy section of this note and include: *"It is expected that viability, and therefore affordable housing delivery and other contributions towards public benefits, will be reviewed at key milestones / as each phase of the Euston Masterplan is progressed given the long-term nature and phasing of the scheme over the railway/ stations."*
- 8.6 On this basis a range of further scenarios are tested to identify whether this policy flexibility would be sufficient to ensure the sites can be delivered. This further testing identifies that, based on current information, the flexible application of policy including adopting lower affordable housing and affordable workspace levels would enable deliverability in Options 2 and 3.

- 8.7 The impact of density is also demonstrated, with Option 1, a lower density scenario, remaining marginally unviable if affordable office and affordable housing were set at 0%. This reflects the 'fixed costs' of enabling works being shared by a lower amount of floorspace. Density is therefore a key lever to consider against wider policy ambitions. If sufficient density is not possible, placemaking growth or additional funding would be key to ensuring deliverability of Option 1 under current assumptions.
- 8.8 The ability to reduce affordable office to enable greater affordable housing is demonstrated in further tests. In the context of the Euston masterplan, where the quantum of affordable office would be significant based on applying the base policy percentage target, consideration should also be given to the level of demand for this space relative to affordable housing.
- 8.9 Indicative wider sensitivity analysis demonstrates the impact of changing assumptions on costs and values. This testing is particularly important for large projects that will be brought forward through market cycles, with associated changes in costs and values. It is important to consider downside scenarios alongside opportunities such as placemaking value.
- 8.10 The results provide an understanding of the impact and underscore the importance of the flexibility afforded by policy, which is considered sufficient to enable delivery under a range of market conditions over the lifetime of the plan.

PHASING AND CASHFLOW

- 8.11 While the base analysis is carried out at a programme wide level, bookend sites have been tested to demonstrate the impact of enabling costs falling to a greater or lesser extent on individual sites. While finance costs in current modelling, when viewed on a percent of GDV basis, are at the upper end of those seen on similar strategic sites, this does not account for the cashflow impact of early enabling costs.
- 8.12 The results of this testing demonstrate that residential sites are far less able to afford enabling costs than commercial sites. It will therefore be important to ensure that the phasing of infrastructure and planning obligations is optimised going forward, while also considering the timing of more viable commercial uses being brought forward in and around the station to support the delivery of residential uses which are currently more challenging.
- 8.13 Going forward, when sufficient information is available, we recommend a programme wide cashflow model be developed to fully understand this impact in the context of further scheme and phasing details which should inform an optimised programme to support the delivery of residential development (including affordable housing).

FLEXIBILITY IN APPROACH TO VIABILITY

- 8.14 The viability results set out above identify the important role of flexibility in policy to ensuring the deliverability of the masterplan sites. Given the unique and strategic nature of the scheme, significant

uncertainty in assumptions is likely to perpetuate to application stage. There is a risk that protracted negotiation at this later stage delays delivery, hindering starts on site that will be key to delivering benefits. Early engagement to agree a bespoke approach may be beneficial to outcomes for both landowners and Camden. Such an approach would need to be structured to ensure that incentives are aligned, with Camden and landowners both benefiting from any upside of reduced risk.

8.15 Particularly in relation to the potential phasing considerations noted above, we note the role that applying flexibility in a bespoke way could play in accelerating delivery. For other strategic sites in London that have required significant enabling works, a programme wide viability approach has often been adopted, which is agreed upfront rather than sites being considered in isolation at application stage. Within this programme approach there is often flexibility to structure the delivery of obligations, such as the level of affordable delivered across the programme, to reflect the enabling cost burden at different stages. The use of mid and late-stage viability reviews, linked to delivery, can be employed to ensure the benefit of any subsequent outperformance. Camden should consider these approaches and related proposals from landowners impacted by extra ordinary enabling costs (in association with the station masterplan) in this area.

8.16 Section 5.1 of the EAP references similar expectations noting: "*It is expected that the costs for development associated with railway infrastructure at Euston will become known incrementally over the various stages of development and in line with Government guidance, the assumptions made on costs will continue to be reviewed enabling the viability to be reviewed as additional information on costs is available, this includes throughout the pre-app and application process. Information will need to be shared in an open and transparent manner to allow for an approach which accounts for the complexity of the project.*"

8.17 "*Where appropriate, and having regard to London Plan policy, mechanisms will be secured through a s106 Agreement and should be assessed at the various stages of development (i.e. early, mid and late stages) in order to allow for increases in contributions. to ensure that public benefits are maximised as a result of any future improvement in viability.*"

IMPACT OF GRANT

8.18 The viability assessment does not include grant, on the assumption that grant funding is not available for any affordable housing provided through planning obligations. Were grant to be available for planning obligations at the time of application the level of affordable housing delivered could be higher. There is also the potential for grant to be used to deliver affordable above the maximum viable level, again this would represent additional affordable. The Council is working with the Ministry of Housing, Communities and Local Government to accelerate delivery of housing in the area, which may provide opportunities for securing grant/ other funding to help with challenging to deliver housing sites.

COMMERCIAL DECISIONS

8.19 Policy and guidance require viability to be tested on a present-day costs and values basis. Developers will approach investment decisions using methods outside this framework, for example considering growth and placemaking value. On this basis developers may therefore be prepared to take a commercial view and absorb policy requirements, enabling sites to come forward despite unviable present day positions. This would particularly be the case for developers that need to maintain a pipeline of sites to ensure staff are utilised and generate shareholder returns.

ALTERNATIVE OPPORTUNITIES TO SUPPORT VIABILITY

8.20 Given the strategic nature of the site and collaborative approach of landowners and stakeholders, there may be further opportunities to support viability in circumstances where this is challenging. Co-ordination on design, phasing and funding opportunities will help ensure an optimal approach is taken to decisions that could affect viability such as phasing, particularly in the early stages of the project.

8.21 While this assessment assumes a fixed scheme, the time horizon of the EAP and development within it may allow the scheme to benefit from flexibility in land use and building heights going forward. Given the significant nature of the scheme wider policy constraints, such as the London View Management Framework, could also be considered at a strategic level alongside the wider policy objectives of affordable housing delivery.

8.22 In addition to grant, other funding opportunities may be able to support deliverability in a challenging future viability position, avoiding a need to compromise on policy objectives. For example, the Knowledge Quarter innovation district may attract additional government support or wider private sector investment to fully realise the opportunity that this district creates for the London, national and international economy. Business Rates Retention or Tax Increment Finance could be considered to support the delivery of upfront infrastructure.

8.23 The EAP also recognises that *"Should new areas for development be identified through design refinement of the stations and/ or the work to meet Central Government's ambition to deliver new homes in the wider Euston area, it may be possible to deliver in excess of the development identified in the EAP subject to it meeting the objectives in this Plan and assessment against relevant policies in the Development Plan. Further engagement with local communities will be required. "* as such it may be possible to improve the viability picture with additional development.