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Developers building student accommodation in preference to private housing



Graham Smith, Associate

We are seeing an increase in the number of developers building student accommodation in place of private housing.

This accommodation, which is being built on a speculative basis, is seen by many as a more fruitful source of income, as our Associate, Graham Smith explains.

“In previous years, universities and colleges would contract builders to erect their accommodation blocks. Privately funded initiatives were almost unheard of.

“Now, however, many developers are looking elsewhere for a return and some see the student market as a lucrative alternative, especially when compared to private housing with its associated on costs and difficult funding circumstances.

“The attractions are obvious. The number of students greatly exceeds places in halls of residence and students will almost always sign up for a year. Any void

periods, such as July to September, can often be covered by letting the rooms as a single block to universities for their summer school students or conference trade.

“Universities now compete openly for students and funds. Colleges that lack quality accommodation risk deterring potential students.

“Forward thinking developers are also hedging their bets and building the accommodation in such a way that should the housing market become a more attractive proposition, it would be easy to convert the student quarters into flats for rent or sale.

“I think this is a phenomenon that will only increase over time. Particularly in cities like Cambridge, where there are two universities and a real difficulty in finding places for all the students to live, developing halls of residence, bedsits or even shared houses designed specifically for students, can be a viable alternative to building private housing for rent or sale.”

property performance indicator

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Practitioners Draft National Planning Policy Framework Published



Colin Brown, Director of Planning

The Plan for Growth, published by HM Treasury in March 2011, included a commitment from the Government to significantly simplify and reduce the amount of national advice on planning matters emanating from Whitehall.

As the Plan for Growth states: - "In planning, over 3,250 pages of national guidance have been issued in the last five years, and planning delays cost an estimated £3 billion a year."

This commitment followed on from an earlier announcement in December 2010 from Decentralisation Minister Greg Clark MP that he would be seeking to consolidate the wide range of policy statements, circulars and guidance documents into a National Planning Policy Framework (NPPF). The December announcement indicated that the NPPF would be: -

- localist in its approach, handing power back to local communities to decide what is right for them;
- used as a mechanism for delivering Government objectives only where it is relevant, proportionate and effective to do so; and
- user-friendly and accessible, providing clear policies on making robust local and neighbourhood plans and development management decisions

Mr Clark has sought advice from a select group of Government advisors and a draft NPPF prepared by the latter has now been published and is to be the subject of consultation. The Advisory Group's recommendations include: -

1. That the presumption in favour of sustainable development should be seen as the "golden thread" running through both plan making and decision taking via planning applications;
2. That the notion that economic growth leads to environmental degradation should be "firmly laid to rest";
3. That each local authority should produce one plan for its area – the local plan. Beyond this, additional development plan documents, or supplementary planning documents, should be necessary only exceptionally;

4. In the absence of an up-to-date and consistent plan, applications will be determined in accord with the NPPF, including its presumption in favour of sustainable development;

5. Applications that "may substantially conflict" with the NPPF can be called in by the Secretary of State;

6. Local planning authorities should prefer applications for retail and leisure uses to be located in town centres where practical, then in edge of centre location, and only if suitable sites are not available should out of centre sites be considered;

7. The retention of existing policy tests for green belt;

8. The retention of existing policy tests for the protection of the historic environment; and

9. New policies to promote green spaces and wildlife corridors in order to halt the loss of habitats and restore biodiversity.

It should be noted that this document is not adopted Government Policy but has been prepared and commended to the Government for adoption. The practitioners who have prepared it hope it will "add to the debate" but the Government will publish its own draft this summer and subject it to consultation.

It remains to be seen whether at 55 pages the draft NPPF is seen as too verbose – Secretary of State for Communities and Local Government Eric Pickles MP has been suggesting 10 pages should be enough to do the job!

As to reaction to the draft, this has inevitably been mixed. Royal Town Planning Institute (RTPI) president Richard Summers has criticised the advisory group's suggested draft of the NPPF, raising concerns over how the proposed presumption in favour of sustainable development is expressed in the document.

The Town and Country Planning Association, meanwhile, claim that the document waters down the definition of sustainable development. But property industry lobby group the British Property Federation has welcomed the suggested draft's contents, BPF Chief Executive Liz Peace said:

"We particularly welcome the pro-growth message in the recommendations. Councils have for too long taken planning decisions with little knowledge of the viability issues that surround development and with little regard to the economic impact that development will have on their area."

Hotel decision has potentially important consequences for section 106 agreements



Cambridge Consultant Surveyors Januarys recently helped to secure planning permission on appeal for a 169 room hotel in Station Road –

He also had similar concerns in regard to the other requests.

Januarys Director of Planning Colin Brown, who represented the developer at the planning appeal and was instrumental in gaining the planning consent, says this decision shows that developers should not simply accept the Council's 106 demands without full examination of the basis for the contributions.

and the decision may well have far reaching consequences for the manner in which section 106 agreements are negotiated in Cambridge.

The plans were originally turned down by the City Council, principally because they were not considered to be in keeping with the area.

On appeal, the Inspector overturned the Council's decision and granted planning permission, and, as part of his ruling, also found that the section 106 obligations sought by the Council had not been adequately justified.

In its various section 106 requests, the Council had asked for a contribution of 'not less than one per cent' of the capital costs of the project towards public art, and further sums for transport projects such as the guided bus and traffic calming in the area.

However, the Inspector had doubts over whether the one per cent 'would relate fairly and reasonably in scale to the development.'

"This decision may well mean that the Council will need to approach the negotiation of section 106 agreements on a development by development basis, rather than by the application of a standard formula.

"If you have a current application running and think the Council is being unreasonable in its requests, it could well be worth challenging them to justify what you are being asked to pay.

"Unfortunately, existing 106 agreements cannot be set aside or ignored. Varying them is possible, but this would need to be done with the Council's agreement within the first five years of the signing of the agreement. You could also take the more risky option of attempting to have the agreement changed by challenging your own planning permission!

"For the foreseeable, however, developers should definitely assess Council's 106 requirements extremely carefully."

Januarys signs up to RICS Valuers Registration Scheme - and is reappointed to Lloyds TSB Bank Valuation Panel

We are delighted to announce that the firm has signed up to the Royal Institution of Chartered Surveyors (RICS) Valuers Registration Scheme – and now has six Registered Valuers.

The Scheme was introduced by the RICS as a means of ensuring that valuers continue to meet the highest professional standards, whilst also raising consumer confidence. Desmond Hirsch, our Head of Professional Services, is an enthusiastic supporter.

"Valuations are a critical part of many major financial transactions," he said.

"Whether it is ensuring that a commercial property, a house or a

piece of land is correctly valued, banks, mortgage lenders, businesses and individuals rely on valuers to come up with correct figures.

"The RICS is recognised as the world leader in qualifications for valuation professionals. Clients can be confident that a RICS Registered Valuer works to the highest standards, is strictly monitored and regulated and has a high level of expertise.

"We are delighted to be part of the Scheme"

We have also been reappointed to the Commercial Valuation Panel of Lloyds TSB Bank.

"Banks rely heavily on valuation panel experts when they are deciding whether to lend money to a business, or to confirm the value of a firm's assets.

"In the current challenging economic climate, when every lending decision is scrutinised with extra care, valuers are more important than ever.

"We are very pleased to have been reappointed and look forward to working with Lloyds TSB as well as other banks in the months to come."



Desmond Hirsch, Head of Professional Services

What do you get if you combine a creative client and a 'can do' consultancy?

Progressive solutions that pave way for change of use



Commercial office premises in Wellington Court, Cambridge are to be converted to flats, thanks to a combination of our in-depth experience and an element of lateral thinking by our client.

One and Two Wellington Court, which until recently housed almost a thousand square feet of office space each, will shortly be transformed into four one bedroom and two studio apartments.

Nick Muncey who is marketing this development opportunity explains how the change from commercial to residential use came about.

"We are always looking for creative ways to work with our clients, particularly when they are prepared put forward suggestions of their own.

Our client came to us with a view to exploring the possible change of use from commercial to residential

"We were already well aware that the Government had signalled its interest in introducing new planning rules which would make it easier for developers to change offices and other business premises (but not shops) into flats and houses without planning permission and is currently consulting on these proposed changes.

"Using our planning expertise we were able to bring about a change of use from commercial to residential without waiting for the outcome of the Government's consultation process.

"Given that there is already significant residential development in the area, we worked within existing planning regulations to bring about this change of use.

Nick is now urging other owners of vacant commercial property to consider conversion to residential as an alternative, viable option.

"Cambridge is desperately short of brownfield housing sites and this is one of the reasons why there has been such a gap between supply and demand in the residential market for the last few years.

"I am sure there must be other business premises which could be turned into housing.

"Naturally, the city needs to maintain a balance between residential and commercial building. Given the drive towards sustainability, however, where everyone is being encouraged to live close to where they work, turning some office space into housing makes a good deal of sense."