

London Borough of Hackney

Urban Capacity Study

Executive Summary

August 2005

Entec UK Limited

Report for

London Borough of Hackney
Planning Service
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London Borough of Hackney

Urban Capacity Study

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Executive Summary

August 2005

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1. Introduction

1.1 Purpose of the Study

In January 2004 Entec was commissioned to undertake an Urban Capacity Study for the London Borough of Hackney (the Council). The purpose of the study was to inform the production of core housing policies for the Council's Local Development Framework. This document will replace the Council's current Unitary Development Plan (UDP), which was adopted in 1995.

Planning Policy Guidance Note 3 sets a requirement for all local planning authorities to undertake urban capacity studies, which are now at the heart of the planning for housing process. In essence, this study has four key stages:

- **STAGE 1:** Listing the Capacity Sources;
- **STAGE 2:** Surveying and Identifying the Opportunities;
- **STAGE 3:** Assessing Potential Housing Yield; and
- **STAGE 4:** Discounting the Potential.

This Executive Summary explains the methodology adopted by Entec to assess each of these stages and the results obtained for the Borough. A detailed commentary of the methodology and results is set out in detail in Entec's Final Report.

1.2 Background to Urban Capacity Study

In March 2000 the Government published Planning Policy Guidance Note 3 (PPG 3-Housing). This provides guidance on a range of issues and sets out objectives to ensure that all sections of the community have access to housing choice. PPG3 states that land is a finite resource and that land and buildings can often be significantly under-used. All local planning authorities should undertake urban capacity studies to establish how much additional housing can be accommodated in urban areas.

Tapping the Potential was published in December 2000 as an Annex to PPG 3 and sets out the issues that will be encountered when undertaking urban capacity studies. The four stage approach set out above is put forward as a proposed methodology. The remainder of this Executive Summary will explain how Entec has interpreted the guidance contained in Tapping the Potential to assess urban capacity and the results obtained for Hackney.

2. Methodology

2.1 Stage 1: Listing the Capacity Sources

Entec held an inception meeting with the Council on 2 June 2004 to discuss the proposed approach to the study. At this meeting it was agreed that the study should seek to identify the following sources of residential capacity in the Borough:

- Sub-division of Existing Housing
- Flats Over Shops
- Empty Homes
- Conversion of Occupied Buildings
- Conversion of Vacant and Derelict Commercial Buildings
- Intensification of Existing Areas
- Redevelopment of Buildings Currently in Non-Residential Use
- Redevelopment of Car Parks
- Redevelopment of Previously Developed Land Currently in Non Residential Use
- Previously Developed Vacant and Derelict Land
- Vacant Land not Previously Developed

Entec's principal means of identifying the sources of capacity listed above was to undertake a comprehensive survey of the Borough. These sources of capacity are therefore referred to as Entec Survey Sites. In addition the Council also requested that Entec should assess the capacity of sites identified by the Greater London Authority (GLA). These sites were introduced to Entec after it had undertaken its survey of the Borough. The third main category of capacity came forward from 'other sources' such as sites identified by urban regeneration initiatives and outstanding planning applications.

The three main sources of capacity to be assessed by the study were as follows:

- **Entec Survey Sites:** sites identified by the comprehensive survey of the Borough;
- **GLA Sites:** the details of these sites were provided to Entec by the Council; and

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- **Other Sources of Capacity:** Outstanding Planning Consents, Housing Regeneration sites etc. These sources are described in Section 2 below.

2.2 Surveying and Identifying Opportunities

2.2.1 Entec Survey Sites

At the inception meeting the Council requested that Entec undertook a comprehensive street by street survey to identify sources of potential capacity in the Borough. The survey was undertaken by 2 surveyors from Entec between August and September 2004. To provide a structure for the survey the Borough was divided into 19 grid squares (referred to in this study as neighbourhood areas), each covering approximately 1 kilometre squared.

Ordnance survey maps of the Borough were issued to each surveyor to record the boundaries of each capacity source. The details of each capacity source were also recorded on a survey form, a copy of which can be found in **Appendix A** of this document.

2.2.2 GLA Sites

Entec understands that a significant number of large sites in Hackney were identified as being suitable for residential use as part of the production of London's Capacity, the urban capacity study produced to support the London Plan. The majority of these sites accommodated employment uses and were in excess of 1 hectare in size. For the purposes of this study these sites were reviewed by the Council to determine those which it considered to be suitable for residential development.

The Council asked Entec to assess the capacity of approximately 50 'GLA Sites' at Stage 3 of the study when the unconstrained capacity for the Borough was calculated. Following a further review prior to Stage 4 the Council reduced the number of sites which it considered to be suitable for residential development. A total of 20 GLA Sites were taken forward to the discounting stage. The assessment of unconstrained capacity and the discounting process are explained further in this document.

2.2.3 Other Sources of Capacity

In addition to the Entec Survey Sites and the GLA Sites the following capacity sources were also assessed by the study:

- **Housing Regeneration Sites:** Five housing estates in Hackney are currently subject to Estate Renewal programmes which will result in a significant net increase in the number of dwellings. The projected net increase in the number of dwellings for these areas was provided to Entec by the Council.
- **Outstanding Planning Applications:** The Council provided Entec with details of net increases in the number of dwellings which could be provided

in the Borough through outstanding planning applications for residential development.

- **Trend Data:** Tapping the Potential notes that some sources of capacity can be difficult to identify by survey work. At the inception meeting it was agreed that the number of empty homes in the Borough would be assessed through information held by the Council.

2.3 Assessing the Potential Housing Yield

The next stage of the assessment process was to determine the unconstrained yield or capacity of each of the 3 main capacity sources. Unconstrained capacity is the theoretical number of dwellings that could be accommodated in the Borough, assuming all potential sources of capacity were optimised. In reality, this is unlikely to happen as many of the capacity sources will be subject to policy constraints or issues of economic viability. The impact of these constraints was assessed at Stage 4 of the study.

- **Entec Survey Sites:** A total of 225 sites were identified during the comprehensive survey of the Borough. Given the high density of development in Hackney, the majority of these sources were less than 0.5 hectares in size. These sites were plotted onto a GiS Ordnance Survey base of the Borough to determine the size of each site.
- **GLA Sites:** At the unconstrained stage Entec was provided with details of approximately 50 GLA Sites, many of which were in excess of 1 hectare in size. As noted above the sites suitable for residential development were subject to further review by the Council. These sites were also plotted onto a GiS base so that the exact area of each site could be calculated. A plan showing the location of Entec Survey Sites and GLA Sites can be found in Appendix 2 of this document.
- **Other Sources of Capacity:** At the time of the assessment of unconstrained capacity Entec had limited information on the sources of capacity to be assessed by trend data. Some information was available on empty properties in the Borough and some data was available on outstanding planning consents for residential development.

2.3.1 Calculating Unconstrained Capacity

A key assumption used to calculate the yield of capacity sources was the density of development likely to take place on the Entec Survey Sites and GLA Sites. Following discussions with the Council it was agreed that this assessment should take account of the target density figures put forward in Table 4B.1 of the London Plan. These figures are as follows:

Table 2.1: Density Assumptions for Entec Survey Sites and GLA Sites

Location	Density Range in London Plan (units/ha)	Entec Density Assumption (units/ha)
Central Areas: Very dense development in town centres all over London	55-275	125
Urban Areas: Dense development located in mixed use areas	240-435	337

The Council categorised each of the wards in Hackney according to whether they met the criteria for Central or Urban areas in the London Plan. The unconstrained yield for GLA and Survey sites was calculated as follows:

$$\text{Site Area} \times \text{Density Assumption} = \text{Unconstrained Yield}$$

As noted above, the availability of information on other sources of capacity at the time of the unconstrained capacity assessment was limited. The unconstrained yield for the Entec Survey Sites and GLA Sites were added to the information obtained on other sources of capacity to provide the unconstrained capacity figure for Hackney. This is set out **Table 2.2** below.

2.3.2 Double Counting

Tapping the Potential notes the importance of ensuring that sources of capacity are only counted once. At the unconstrained capacity stage the GLA Sites covered a substantial area of the Borough. Entec Survey Sites located within the boundaries of GLA Sites were not included in the unconstrained capacity total to avoid double counting.

2.3.3 Results of Unconstrained Capacity Assessment

The Unconstrained Capacity Report was submitted to the Council in February 2005. The results are summarised in Table 2.2.

Table 2.2: Unconstrained Capacity in Hackney

Capacity Source	Total Unconstrained Yield (Dwellings)
Entec Survey Sites	3,635*
GLA Sites	16,929
Other Sources of Capacity	5614
Total Unconstrained Capacity	26,178

*The unconstrained capacity of Entec Survey Sites was 4799 before an adjustment was made for double counting.

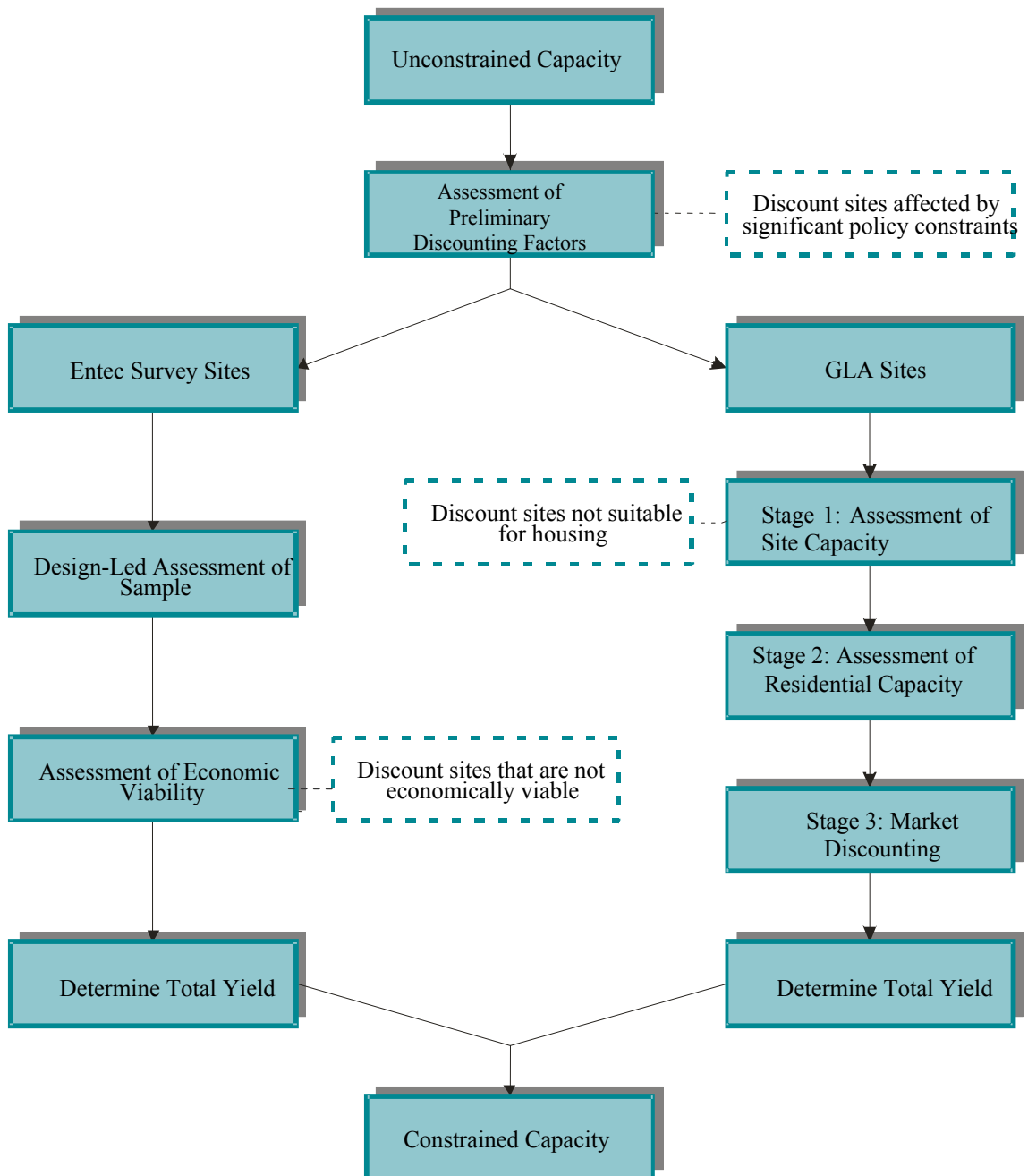
2.4 Discounting the Potential

The final and perhaps the most complex part of the urban capacity process is to determine how much of the unconstrained capacity will come forward for development. This involves an assessment of how policy constraints and economic viability considerations will influence the capacity sources identified at the unconstrained stage. The final outcome of the process is referred to as the constrained capacity or the total number of dwellings that Entec expects to come forward in Hackney.

As noted above, details of the GLA Sites were provided after the comprehensive survey of the Borough was completed. These sites were significantly larger than the survey sites and through discussions with the Council it was agreed to adopt a slightly different approach to discounting. A more detailed description of the discounting process for the Entec Survey Sites and the GLA Sites is contained in the Final Report and is summarised in **Figure 2.1** below.

The first stage of the discounting process was to map the GLA Sites and Entec Survey Sites against planning policy constraints. Very few sites were discounted completely at this stage. It was however agreed with the Council that sites located in Areas of Defined Open Space were unlikely to be suitable for development and should be discounted as potential capacity sources. The unconstrained yield was adjusted to take account of other policy considerations. It was agreed with the Council that one third of sites (site area) within Defined Employment Areas should accommodate residential uses.

Figure 2.1: Summary of Discounting Process



2.4.1 Discounting the Entec Survey Sites

The first stage of the discounting process was to select a sample of 16 survey sites. The sample took account of the key urban character areas in the Borough, as defined by the Council. The sample also took account of house price areas and the size of sites identified by the survey. Illustrative designs were worked up for each of the sample sites to determine how many dwellings they could accommodate.

The economic viability of the sample was then tested by firstly assessing how much affordable housing the Council would expect to be provided on each site. The local housing market was tested to determine the financial return a developer could expect to receive from the sites. The financial return was calculated both with and without Social Housing Grant. The average residual land value for residential land in Hackney is £6.8 million per hectare. Sites that did not meet this land value, even with Social Housing Grant were not considered to be economically viable for residential development.

This approach was then taken forward to assess the full list of Entec Survey Sites. The Borough was divided into 3 main areas of high, medium and low land values. The GLA Toolkit was used to test the viability of the sites falling in each of these areas.

Tests were run to determine economic viability with and without Social Housing Grant, again using the assumption that sites would be developed at densities specified in the London Plan. Sites not meeting the benchmark figure of £6.8 million per hectare, even were not considered to be economically viable for development. A more detailed explanation of the discounting process can be found in Section 3 of the Final Report.

2.4.2 Discounting GLA Sites

As noted above, Entec was initially provided with a list of over 50 GLA Sites before the publication of the Unconstrained Capacity Report in February 2005. After the production of this report these sites were subject to a further review process by the Council. Following this review Entec was provided with a revised list of 20 sites. The discounting process for the GLA Sites is summarised below:

Stage 1: Broad Assessment of Development Capacity: A broad assumption was made about the gross developable area for each site, using guidance contained in Tapping the Potential. In general terms larger sites have a smaller percentage of their area available for development. Surrounding building heights were also assessed at this stage to predict the gross number of storeys available for development.

Stage 2: Assessment of Residential Capacity: All of the GLA Sites contain existing employment uses. Each site was assessed by the Council to determine an appropriate proportion of residential development. Development density was estimated according to whether the site was located in a Central or Urban area and a gross floor area (i.e. floorspace) was calculated by assessing likely building height.

Stage 3: Market Discounting: The London Plan and the Council's Draft SPD on affordable housing were consulted to determine the provision of affordable housing on

each site and the proportions and type of tenure. The GLA toolkit provided details on the typical area for each type of dwelling and was used to calculate the yield for each site.

As with the survey sites the viability of GLA Sites was determined according to whether it met the average residential land value for Hackney (£6.8 million per hectare), with and without Social Housing Grant. Sites that did not meet this figure were not considered to be economically viable. A significant number of GLA Sites did not meet the benchmark land value and were discounted accordingly.

2.4.3 Double Counting

Paragraph 2.3.2 notes the approach taken to address the issue of double counting at the unconstrained capacity stage. Following the reduction in the number of GLA Sites by the Council many of the survey sites were no longer affected by the issue of double counting and were re-introduced as sources of capacity.

2.4.4 Discounting Other Sources of Capacity

Many of the outstanding planning consents for residential development date from 2000 and are unlikely to be implemented. It was agreed with the Council that only consents dating from 2003, 2004 and 2005 should be included in the constrained capacity figure. The capacity information provided to Entec for Housing Regeneration Areas was not subject to further discounting. Entec has included the latest estimate on empty properties in the constrained capacity figures.

3. Results

3.1 Introduction

The purpose of this study has been to provide a realistic assessment of urban capacity in the London Borough of Hackney. The constrained capacity figures for each of the capacity sources are set out in Table 3.1 below.

Table 3.1: Total Constrained Capacity for Hackney

Capacity Source	Total Constrained Yield (dwellings)	Timescale yield is likely to come forward		
		Short term	Medium term	Long Term
Entec Survey Sites	3720	2406	3610	3720
GLA Sites	2708	775	1504	2708
Housing Regeneration Sites	2320	744	1488	2320
Extant Planning Applications	2143	1414	2000	2143
Empty Homes and Flats Over shops	250	83	166	250
Total Capacity	11141	5422	8768	11141

The discounting process has used assumptions about policy and economic viability constraints to determine which sources of capacity will come forward. Sources with very few constraints can be expected to come forward in the short term; those which are heavily constrained are unlikely to come forward until the long term.

The constrained capacity figure for Entec's Survey Sites is higher than that obtained at the unconstrained capacity stage. This is due to the fact that many of these sites were no longer affected by double counting when the number GLA Sites was reduced by the Council between Stages 3 and 4 of the study. The constrained capacity for the GLA Sites has reduced dramatically from the unconstrained stage. Again, this is mainly due to the Council's review which significantly reduced the number of these sites.

Urban capacity in Hackney should not be seen as a single absolute figure. For the purposes of this report capacity has been expressed in terms of 3 different scenarios based on the capacity figures for the short, medium and long term in Table 3.1.

3.1.1 Scenario 1: Minimal Capacity / Maximum Certainty

This is the minimum amount of capacity that is expected to come forward in Hackney. The GLA Sites and Entec Survey Sites included in this figure are to a large extent unaffected by significant policy or economic viability considerations. It is therefore considered that these will come forward in the short term.

Capacity Figure for this Scenario: 5422 dwellings

3.1.2 Scenario 2: Medium Capacity / Medium Certainty

This scenario includes the capacity sources identified in Scenario 1 and also those GLA and Entec Survey Sites where commercial viability is more marginal due to economic viability and/ or planning policy considerations. For example, some sites may only be viable where Social Housing Grant is available.

Capacity Figure for this Scenario: 8768 dwellings

3.1.3 Scenario 3: Maximum Capacity / Minimum Certainty

The final capacity scenario is perhaps the least likely to be realised. It includes the cumulative total of capacity sources in Scenarios 1 and 2 and also additional GLA and Entec Survey Sites which are subject to more significant constraints. These sites are unlikely to come forward unless these constraints are addressed.

Capacity Figure for this Scenario: 11141 dwellings

Appendix A

Example Site Survey Form

1 Page

Appendix B Plan Showing Entec Survey Sites and GLA Sites

1 Pages
