

HARROW LOCAL PLAN 2021-2041 – EXAMINATION IN PUBLIC
PLAN-LEVEL VIABILITY ASSESSMENT - 35% FAMILY SIZE HOUSING SCENARIO
NOTE TO THE INSPECTOR

14 August 2025

Introduction

1. At the morning hearing session on 11 July 2025, the Inspector asked the ‘Council to review viability assessment to test family size housing at 35%’ (Action 22 of LBH/ED24).
2. The consultants who prepared the Plan-level Viability Assessment submitted with the draft Local Plan (BNP Paribas) have prepared a note in response to the request and this is attached as Attachment A.
3. This cover note provides background to the Plan-level Viability Assessment (in the context of the draft plan), considers the note from BNP Paribas, and provides commentary on these.

Context

4. The Plan-level Viability Assessment tested the following housing size mix (Table 4.9.1 / page 26 of EBLE02):

Tenure	1 bed	2 bed	3 bed	4 bed
Market housing	35%	35%	25%	5%
Rented affordable	10%	40%	40%	10%
Shared ownership	10%	40%	40%	10%

5. In terms of family size housing (3 bedrooms and above), this equates to 30% for market housing and 50% for affordable housing. This is in-excess of the minimum 25% in Policy HO1: Dwelling size mix. The basis for testing the above mix from a viability perspective was:
 - (a) The 25% is an initial minimum level of family sized housing, with Policy HO1 setting out matters that will be considered in determining if a higher percentage can be achieved based on factors set out in part 1 of the submitted policy.
 - (b) Considerations (within HO1) include meeting the needs identified in the Council’s local housing register (Part A.1iif of the Policy). The affordable housing dwelling size mix above is based on advice from the Council’s Housing service.
 - (c) Policy HO4: Genuinely Affordable Housing, part Hc prioritises low-income households who require family housing; this is also reflected in the dwelling size mix adopted for affordable housing.

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- (d) In the above context, the plan-level viability testing modelled a higher proportion of family size housing, noting however that viability is one of many considerations that will influence the level of family housing on a site but from a viability perspective, the modelling gave the Council confidence that there was scope to exceed the minimum 25% set out in the draft Plan.
- (e) Such an approach was also adopted for the design-led capacity modelling, where 30% family size housing was assumed and the minimum capacity numbers within the Plan / housing trajectory reflect this.

Subsequent BNP Paribas note

6. The additional assessment tested the impact of providing market housing size mix of 35% family sized housing, whilst retaining the originally modelled 50% family sized units in rented and shared ownership affordable housing, as set out in the table below.

Tenure	1 bed	2 bed	3 bed	4 bed
Market housing	35% 32.5%	35% 32.5%	25% 30%	5%
Rented affordable	10%	40%	40%	10%
Shared ownership	10%	40%	40%	10%

7. The BNP note identifies the key impact of the inclusion of a higher proportion of family sized units is that the blended sales value of potential developments declines as the sales value per square meter for larger sized units are less than smaller units (table 2.3 and 2.4 of Appendix A).
8. The impact of the dwelling size mix set out above on the residual land value of the twenty-six residential typologies and three co location typologies modelled in the original plan-level viability assessment was tested, adopting 35% affordable housing (as per the London Plan threshold approach).
9. The revised modelling indicates the increase in the provision of family sized market housing from 30% to 35% will have a moderate impact on the residual land value of a large proportion of typologies, with an average decrease of 3.46% (excluding two outlier typologies as noted in Appendix A).
10. The reduction in residential land value may therefore have a modest impact on the ability of development to meet other planning requirements, particularly delivery of affordable housing.

Council comments

11. The BNP note indicates that an increase in family-size market housing to 35% has a modest impact upon viability. It further notes that given the revised modelling retained the original, higher assumptions regarding family size housing in affordable housing tenure, any lower provision (for example, 35% family size housing across all tenures) would offset any fall in residual value and overall affordable housing delivery. A blanket minimum 35% family size housing would therefore be broadly feasible from a viability perspective.
12. Notwithstanding the above, viability is just one consideration relevant to determining an appropriate dwelling size mix within the plan and on individual sites / proposals.
13. The Council considers that it is appropriate for the Plan to retain the original minimum of 25% target for family sized dwellings within policy, with higher proportions being considered on individual sites. This is considered a pragmatic approach and recognises the viability of achieving a proportion of family sized housing more than 25% is only one factor for determining an appropriate size mix. This needs to be balanced with other factors such as the site location, constraints, character of the surrounding area, the need to optimise housing output on previously developed sites, as well as the range of tenures delivered and how the flexibility on the size mix of market housing could deliver additional affordable housing (particularly larger social rented dwellings as per PolicyHO4) in order to address the future Borough housing needs.

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Attachment A – Note from BNP Paribas on alternative minimum requirement (35%) for family size dwellings

HARROW LOCAL PLAN EMERGING LOCAL PLAN POLICY HO1 – DWELLING SIZE MIX

1. Introduction and purpose

London Borough of Harrow's ('the Council') emerging Local Plan Policy HO1 seeks provision of a minimum of 25% family housing, defined for this purpose as three or more bedrooms. In practice, many households will also use two bedroom properties as family housing.

The Local Plan Viability Assessment ('LPVA') (EBLE02) applied a housing mix that incorporated 30% family housing (i.e. three and four bed properties) for the private housing and higher percentages of 50% for social rented housing and 50% for shared ownership, as summarised in Table 1.1.

Table 1.1: Housing mix applied in Local Plan Viability Study

Tenure	1 bed	2 bed	3 bed	4 bed
Market housing	35%	35%	25%	5%
Rented affordable	10%	40%	40%	10%
Shared ownership	10%	40%	40%	10%

The Inspector has requested that the Council test the impact on viability of an alternative mix within the private housing incorporating 35% family housing. The purpose of this note is to outline the approach to testing the impact of this mix and to outline the results.

2. Approach to testing

We have re-tested the residential typologies (nos 1 to 26 shown on Table 4.1.1 of the LPVA) to test the impact of a change in housing mix. The changes are shown in strike through and red text in Table 2.1.

Table 2.1: Alternative housing mix tested

Tenure	1 bed	2 bed	3 bed	4 bed
Market housing	35% 32.5%	35% 32.5%	25% 30%	5%
Rented affordable	10%	40%	40%	10%
Shared ownership	10%	40%	40%	10%

An alternative mix will have an impact on the overall blended sales value that should be applied in the appraisals. As an example, pricing at Eastman Village (Robertson and Barton phases) as noted on the Molior London database is summarised in Table 2.2. This table is based on the housing mix in the LPVA (i.e. 30% family housing).

Table 2.2: Eastman Village (Kodak Site) – Robertson and Barton phases pricing

Unit type	Average unit value	Assumed area square metre	Value per square metre	Housing mix
One bed	£363,636	50	£7,272.72	35%
Two bed	£463,750	65	£7,134.62	35%
Three bed	£672,800	99	£6,795.96	30%
Blended value			£7,081.36	100%

As can be noted in Table 2.2, values per square metre decline as unit sizes increase, which is in line with normal valuation findings. With a housing mix that increases the family housing from 30% to 35%, the blended value will reduce from £7,081.36 per square metre (as shown in Table 2.2) to £7,060.97 per square metre (as shown in Table 2.3).

Table 2.3: Eastman Village – blended values with revised mix (35% family housing)

Unit type	Average unit value	Assumed area square metre	Value per square metre	Housing mix
One bed	£363,636	50	£7,272.72	32.5%
Two bed	£463,750	65	£7,134.62	32.5%
Three bed	£672,800	99	£6,795.96	35%
Blended value			£7,060.97	100%

3. Revised appraisal outputs

We have undertaken 'before' and 'after' testing of the 26 residential and 3 residential co-location typologies so that a comparison can be drawn between the outputs based on the housing mix in the LPVA and the outputs using the revised mix which assumes 35% family housing. In all cases, the appraisals assume provision of 35% affordable housing.

The outputs are summarised in Table 3.1. Column A headed "Residual Land Value – original mix" shows the appraisal outputs assuming 30% family housing. Column B headed "Residual Land Value – 35% family housing" shows the revised outputs, based on the mix in Table 2.2 above. Column C shows the percentage change in residual land value resulting from the increase in family housing.

As we have used the precise values summarised in tables 2.2 and 2.3 above for testing purposes, there is a degree of variation between the outputs of the appraisals and those in the FVA. There are no comparable figures in the FVA, although the closest are those in Table 6.3.6, which is based on sales values of £7,031 per square metre.

Table 3.1: Appraisal outputs – 30% and 35% family housing requirement

Site No	Site	No of units	Column A: Residual land value – original mix	Column B: Residual land value – revised housing mix	Column C: Change in residual land value
1	Small site - low density	5	£669,827	£675,048	0.78%
2	Small site - medium density	5	£676,138	£681,443	0.78%
3	Small site - higher density	9	£326,415	£325,694	-0.22%
4	Small site - low density	10	£893,431	£898,689	0.59%
5	Small site - medium density	10	£524,482	£525,460	0.19%
6	Small site - higher density	10	-£6,589	-£12,404	-88.24%
7	Medium site - low density	25	£2,034,504	£2,045,383	0.53%
8	Medium site - medium density	25	£1,693,663	£1,700,637	0.41%
9	Medium site - higher density	25	-£16,473	-£31,010	-88.24%
10	Medium site - low density	50	£2,682,714	£2,689,179	0.24%

Site No	Site	No of units	Column A: Residual land value – original mix	Column B: Residual land value – revised housing mix	Column C: Change in residual land value
11	Medium site - medium density	50	£511,053	£489,120	-4.29%
12	Medium site - higher density	50	-£264,954	-£295,858	-11.66%
13	Large site - low density	100	£5,037,297	£5,047,610	0.20%
14	Large site - medium density	100	£766,974	£720,607	-6.05%
15	Large site - high density	100	-£1,606,407	-£1,680,912	-4.64%
16	Large site - medium density	200	£483,989	£382,636	-20.94%
17	Large site - high density	200	£714,236	£613,289	-14.13%
18	Large site - medium density	500	-£9,016,814	-£9,379,261	-4.02%
19	Large site - high density	500	£2,957,471	£2,733,474	-7.57%
20	Large site - medium density	750	£3,422,521	£3,098,124	-9.48%
21	Large site - high density	750	-£13,025,289	-£13,550,904	-4.04%
22	Large site - medium density	1,000	£3,779,426	£3,363,460	-11.01%
23	Large site - high density	1,000	-£17,202,937	-£17,882,335	-3.95%
24	Housing for Elderly (C3) - high density	40	-£710,436	-£727,981	-2.47%
25	Housing for Elderly (C3) - high density	60	-£1,060,427	-£1,086,746	-2.48%
26	Housing for Elderly (C2) extra care	70	-£1,237,165	-£1,267,870	-2.48%
34	Residential and light industrial co-location - medium density	25	£275,490	£264,923	-3.84%
35	Residential and light industrial co-location - medium density	50	£523,676	£502,540	-4.04%
36	Residential and light industrial co-location - high density	50	£510,137	£489,002	-4.14%

On low density and some medium density schemes, the outputs show a modest increase in residual land value with the revised housing mix. This is because the increase in floor area results in a higher overall GDV that outweighs the slight fall in the blended value per square metre.

On most medium and high density schemes, the change to housing mix results in a fall in residual land value ranging from as little as 0.22% to as much as 88.24% in two cases (typologies 6 and 9), the latter where the residual land value with the original mix was already very low. Any change to GDV in these circumstances has the potential to cause a significant change in residual land value.

Housing schemes for elderly (typologies 24, 25 and 26) show a relatively modest reduction in residual land value of 2.48%, but in practice, these schemes are likely to be delivered as one and two bedroom flats to meet the needs of occupiers for smaller units.



4. Conclusions

As can be noted above, a potential increase in family housing requirement from 30% to 35% has a relatively modest impact on residual land values in most cases (excluding typologies 6 and 9 for the reasons noted above, the average change in residual value is -3.46%).

However, any reduction in residual land value will have an impact (albeit modest) on the ability of developments to meet other policies, in particular the target for affordable housing set out in emerging Policy HO4. That said, it should be noted that we have retained the original FVA assumption that 50% of the affordable housing is provided as family housing. If this were changed to 35% family housing (to bring it in line with the revised market housing mix), the capital value of the affordable housing would increase. This would help to offset the reduction in residual land value resulting from the change to market housing mix without any reduction in overall affordable housing percentage.

BNP Paribas Real Estate
11 August 2025