

**Towards the Mayor's Housing Strategy  
London First Response  
07.02.07**

**Introduction**

- 1.0 London First welcomes the opportunity to respond to 'Towards the Mayor's Housing Strategy' (TMHS) and looks forward to a dialogue with the Mayor as the draft Mayor's Housing Strategy (MHS) is prepared. London First's five main points can be summarised as:
- Planning policy should be addressed in the London Plan, which is part of the development plan, and not the Mayor's Housing Strategy;
  - Increased interference and policy prescription will serve to reduce housing supply;
  - Infrastructure funding and delivery (transport and social) is critical to increasing housing supply;
  - Addressing the existing social stock in terms of under-occupation and facilitating estate regeneration would meet many of the Mayor's objectives; and
  - The Mayor's Housing Strategy could usefully investigate initiatives to improve energy efficiency of the existing housing stock.
- 1.1 The response has focused on key issues and themes. We have not sought to respond to all chapters and all questions posed in TMHS. The material contained in Chapters 4 and 5 relates to planning matters and this should not become additional planning policy in the MHS. The London Plan remains the most appropriate document to contain planning policy. Introducing new planning policy in the MHS is not appropriate and duplicating planning policy is not supported.
- 1.2 London First is a business membership group whose aim is to improve and promote London with the objective of ensuring that London maintains and enhances its position as a leading world city. We do this by mobilising the experience, expertise and enthusiasm of the private sector to develop practical solutions to the challenges facing London and to lobby central and London government for the investment that London needs in its infrastructure. London First delivers its activities with the support of 300 of the capital's major businesses in key sectors such as finance, professional services, property, ICT, creative industries, hospitality and retail. Our members represent 26% of London's GDP.
- 1.3 We welcome the Mayor's increased responsibility to ensure London gets the housing it needs which is crucial for London's economic and social well being. However, the Mayor's involvement must be strategic and light touch. We are concerned about the MHS overlapping with planning policy and the confusion that will arise if this happens.
- 1.4 We share the Mayor's views that more housing should be built in London, that building homes in the right locations is critical, that places should be created

where people want to live, that intermediate housing could be used to provide more homes for people on low and moderate incomes, and, choice and mobility within housing markets should be promoted. There appears, however, to be a thin evidence base presented in TMHS on which to pose many of the questions. We are anxious for the views of business in London to be taken into account in the production of the MHS and that policy is based on sound evidence.

- 1.5 The MHS should recognise the important contribution of the private sector and its investment in London in delivering new housing. Three quarters of all new homes built in London in the last three years (across all tenures) have been built by the private sector. Incentives to develop in London are critical if the increased levels of housing provision outlined in the London Plan are to be achieved.

### **Inappropriate intervention**

- 1.6 Inappropriate intervention and interference through policy will undermine the drive to increase housing supply. It is interference and heightened risk that deters developers and investment at a time when many developers are exiting the London residential market. It should be appreciated that investors are not tied to investing in property - property is only one asset class. Blunt attempts to force implementation of permissions and at introducing, for example, space standards would be entirely inappropriate and counter-productive to the aims of increasing delivery.
- 1.7 We have recently made representation to the Mayor in respect of his consultation on the draft Further Alterations to the London Plan. We have included relevant sections in Annex 1, page 18.

### **Role of MHS and duplication with London Plan**

- 1.8 Further clarification is urgently required regarding the status of the MHS. It is not understood if the MHS will be used in the decision making process.
- 1.9 There should be no duplication of policy in the MHS with the London Plan policy. The London Plan, which is part of the development plan/spatial strategy, is the appropriate document for planning policy at the regional level of government. It would serve to confuse and undermine the London Plan if the MHS sought to duplicate or introduce new planning policy for London.
- 1.10 Policies of the MHS should not be implemented until the draft MHS has been fully consulted upon and the final version adopted. We do not support the use of any policy document, or the policies contained within, ahead of formal adoption.

### **Policy prescription**

- 1.11 Policy prescription and interference will deter developers from the London market and the development critical to London's future will not be delivered. Interference through policy prescription will also reduce the market's ability to innovate which is critical to bringing forward sites for housing development. We are very concerned about the volume of documents from the GLA and the affect this is having on the planning and development industry in London. Ensuring the right policy is contained in the right policy document is critical to aid delivery.

## **2.0 Chapter 4: Building More Homes – Increasing Supply and Achieving Targets**

2.1 Much of Chapter 4 over-laps with planning policy and the London Plan. We have highlighted concerns but stress that fundamentally the MHS will not be the appropriate document to include matters of planning policy.

### **Increasing housing supply**

2.2 We fully support the Mayor's objective of increasing housing supply and identifying new opportunities for housing development. These are well documented in the London Plan. Sustained population growth requires significant increases in housing supply. Meeting this need is critical not just to London but the rest of the country given the importance of London to the overall UK economy.

2.3 We strongly support the revised housing target in the Early Alterations to the London Plan which underwent Examination in Public (EIP) in June 2006 and were adopted in December 2006. We reiterate that the London Plan is the appropriate document for planning policy and that the MHS should not seek to modify the housing delivery figure for London.

2.4 The new target represents a 33% increase in the annual housing target, from 23,000 to 30,500 units per annum, half of which will be in the east London sub-region. This requires a step change in housing delivery. Supply will only increase if both the Mayor and boroughs, when interpreting the London Plan policies, use careful judgment in the application of policy.

2.5 It is vital that boroughs and external agencies continue to refer to the London Plan and not the MHS. Additional policy in the MHS will serve to undermine the London Plan and could affect supply. There are a large number of documents that need to be referred to when producing and assessing a planning application (London Plan, SRDFs, SPG, BPG, borough UDPs/LDFs, SPG/SPD, site briefs and AAP's). The MHS should not add to the high number of documents that need to be referred to in planning.

2.6 It should be noted in the formulation of the MHS that it is not a lack of land supply that inhibits housing development in London. The Housing Capacity Study has demonstrated that there is sufficient land supply. Frequently it is the planning system, through site allocation as well as unrealistic requirements for planning obligations, which frustrates supply and means that London consistently builds too few homes. The new housing target will only be deliverable with sensitive application of planning policies and investment in new infrastructure (transport and social) which requires urgent government commitment to funding. The London Plan recognises the important need to supply infrastructure with new housing development. The MHS should emphasise this point.

2.7 Housing supply has increased in recent years (completions up 3% to 28,309 and conventional supply (new build) up 5% to 24,000 - GLA housing output figures 05/06) this has been in a climate of economic growth and on the back of consents granted before the increased requirement for affordable housing and other planning requirements, including those for planning obligations. Despite

the increased supply, planning application refusal rates in London remain higher than in the rest of the country. Current building rates reflect the current good economic climate. The economy could slow or indeed there could be a period of recession within the Plan period. Recent interest rises may start to impact on the housing market. Without a significant change in approach, and sensitive policy interpretation and application at the GLA and borough level, we do not consider that we will achieve the necessary step change in housing delivery. New supply has gone down in more than half (18) boroughs and East London's supply is up only 2% on last year (GLA housing output figures 05/06).

- 2.8 We support the Mayor's objective that new supply should be on previously developed land and of an appropriate density, and that London contains sufficient land to achieve this. The largest land supply is in the Thames Gateway although there are significant opportunities in the rest of London. We outline in paragraph 2.12 our key considerations on delivery.

### **Critical need for investment in infrastructure to support housing targets**

- 2.9 Government commitment to the transport and social infrastructure needed to support population growth is critical both to supporting new development and in some cases making it possible. Increasing accessibility, especially in the Thames Gateway, is critical to increasing housing densities, making development viable, and linking new homes with jobs.
- 2.10 The provision of more family accommodation will not in itself attract families to move to east London, the Thames Gateway or inner London sites. Investment in social infrastructure such as education, healthcare, reducing crime and providing open space will be critical to attract and retain families in these areas. Reduced public sector spending/local authority funding has meant that developers are increasingly expected to meet the costs associated with providing this infrastructure.

### **High infrastructure costs**

- 2.11 The MHS should recognise the high infrastructure costs associated with developing sites in the Thames Gateway – especially when these costs are considered in tandem with the low land value (or negative land value in many cases where land remediation is necessary). The Mayor should work closely with central government to ensure that important strategic infrastructure is provided and seek a commitment to funding. Developers will mitigate the effects of a development but in the vast majority of instances, public bodies should provide new social infrastructure for the benefit of an existing population. New development in the Thames Gateway will be housing an existing population that will be migrating to London or moving within London. It is not the role of developers to become social infrastructure providers – only should developers provide social infrastructure when they are truly mitigating the impacts of their development.

## **Delivery**

- 2.12 TMHS has highlighted concerns about the delay in converting planning permissions to construction starts. Recent increases in housing supply have been achieved through the implementation of historic planning consents with lower affordable housing and other planning gain requirements. Consents received more recently are subject to larger costs imposed through the planning process. As the market softens it may no longer be economically viable to implement these consents. This is already being witnessed through the large number of extant permissions with little change to construction starts.
- 2.13 The accurate measurement of unimplemented consents is very important in establishing a true picture. The implementation date relating to a scheme is the date when development associated with a planning permission can be legally implemented i.e. the date a planning permission is granted through the signing of a S106 agreement or the expiration of the Judicial Review period. We understand the Mayor calculates the number of unimplemented consents by using the resolution date and not the consent date. This *increases* the number of unimplemented consents and, therefore, is not a true reflection of the actual number of unimplemented consents, which is lower. We urge the Mayor to accurately record the number of unimplemented consents on the London Development Database.

## **Increasing the output of small and medium sized schemes across London**

- 2.14 Critical to increasing output is increasing the number of developments. An increase in supply will not be achieved in the short to medium term through a few very large schemes which take a long period of time to deliver, but through increasing the number of development sites with implementable planning permission. Small and medium sized sites are critical to achieving the overall increase in output. The increased bureaucracy and cost of the planning process, such as the range and depth of information required with applications and the number of assessments needed raises the entry price for developers. This can deter smaller developers that focus on small sites which are needed to increase and spread supply.

## **Long term sustainable development**

- 2.15 TMHS Question 4.1 is posed in a manner suggesting that developers and landowners do not take a long term view about sustainable development. We do not support this view and an evidence base should be provided in MHS if this view is taken. It is in the interest of development and creating value to take a long term view.
- 2.16 Developers are producing long term sustainable development – many large development sites in London require a long term development strategy and are inherently sustainable by virtue of their location (within existing urban areas), their proximity to facilities, employment opportunities and public transport. These sites are developed at higher densities, for mixed use development and for mixed and balanced communities.

- 2.17 The procurement of sites is a further important consideration when taking a long term view. The use of site development briefs would establish the value of the land and would therefore create certainty from the outset of the land acquisition process – aiding in land marketing, valuation and development capacity studies.

### **Land release**

- 2.18 Private landowners rarely, if ever, proceed with a development unless the residual value exceeds the existing use value. Landowners will have regard to both existing use value and market value, which may, in certain cases, be the same figure. The point at which a site is disposed of (or the implementation of a planning permission) will have regard to a number of factors.

### **Land speculation**

- 2.19 Evidence is required to substantiate whether land speculation is an issue for the MHS and if so how the Mayor would distinguish between land speculators and developers. Land speculation is a highly subjective term to use and infers that land is not purchased with the intent to develop. There are occasions when landowners decide not to implement consent and subsequently market the land - it is a result of the prevailing market conditions, is a private matter for the vendor, and, usually is in the vast minority of cases. The costs of obtaining planning consent are often extremely high, sometime prohibitive. Preparing and submitting a strategic planning application can cost from tens to hundreds of thousands of pounds, in a few cases – millions of pounds. Developers and landowners obtain planning permission with the good intention of developing sites in the vast majority of cases – the costs associated with obtaining planning permission are an important risk to consider.

### **Dialogue between borough departments/GLA**

- 2.20 It is important that during the pre-application planning stage and the early phases of submitting a planning application the right people from the public authorities are assembled at the right time to ensure the effective delivery of new housing schemes e.g. highways departments and TfL, housing departments (borough and GLA), planning departments (borough and GLA) and so forth. Boroughs must assemble multi-disciplinary 'delivery teams' to ensure effective communication between council departments from pre-application discussions through to the signing of the S106 agreement and later implementation.

### **Joint venture partnerships**

- 2.21 We consider that joint venture partnerships between the public sector and the private sector are worth exploring to increase housing delivery, in particular where the public sector brings in an expert developer. The tender process needs to be kept as simple and as cost effective as possible.

## **Compulsory purchase**

- 2.22 The TMHS implies that compulsory purchase could be used to ‘speed up’ building rates. This ignores the reason why sites are not developed in the first instance e.g. poor provision of infrastructure and land remediation costs. Some sites are marginal and become unviable because of these reasons and also because of policy requirements and expensive S106 agreements.
- 2.23 Developers are not able to ‘speed up’ delivery because of the risk of saturating a local market with new housing and reducing land and property values in these marginal sites. It is important for developers that absorption rates are effectively monitored to properly manage new housing output at a level where prices can be maintained and investment returned. It must be noted that developers will often be creating a market in many parts of east London and the Thames Gateway. These are very fragile markets and need to be balanced carefully.
- 2.24 Compulsory purchase is extremely expensive in London. Compulsorily purchasing large numbers of development sites to speed up delivery would not represent the best use of public funds. It is not clear what companies would be selected, and how, to build out a development in a time frame more suitable to the Mayor. There are also the additional underwriting costs to consider. Delivery could be improved by thoroughly examining the barriers to delivery - providing more certainty for developers through reducing the amount of policy prescription and by providing key infrastructure to unlock sites are two key points.
- 2.25 Compulsory purchase would lead to greater uncertainty for the development industry with the risk of slowing delivery. Land would not be purchased or brought forward for development if there was risk of compulsory purchase being instigated later in the process if developers withheld their right to develop a site.
- 2.26 Compulsory purchase is acknowledged as a highly effective enabling tool in certain cases, such as in difficult site assembly – unlocking sites that would otherwise be left undeveloped. Overall, the process is costly and very time consuming. We would encourage its use only in carefully selected instances.

## **Contract conditions**

- 2.27 The use of contract conditions to control delivery would go beyond the scope of planning legislation and should not be included in the MHS as a means to control delivery. The use of contract conditions relate to controlling market housing output through planning permissions (S106 agreements) and therefore should not be cited in the MHS as means to control output. The use of contract conditions for the private sector would be inappropriate. Specifying when a development is commenced or completed by under contractual obligation reduces the control a developer has of ensuring that development is produced at the right time in the economic cycle and for local market conditions. Developers understand market conditions, cycles and the absorption rate of new build development. Forced building and completion rates would weaken the local market and could risk the collapse of the local market. Flexibility is paramount for the private sector development market.

- 2.28 The use of contract conditions could be suitable for public sector sites where risk is low and in many cases where disposal arrangements are in place.

### **Section 106**

- 2.29 Section 106 agreements should not be cited in the MHS as an appropriate means in which to control housing delivery other than to ensure the appropriate phasing of mitigating measures and payments associated with a development. We are concerned that S106 agreements continue to go beyond solely mitigating the effects of development.
- 2.30 Late requests for the inclusion of additional detail into S106 agreements can often frustrate delivery on housing schemes. It has been stated that late interference by the GLA has caused several schemes to be unnecessarily delayed by requesting that TfL become joint signatories to S106 agreements.

### **Capturing the uplift in value**

- 2.31 We note comments made in TMHS around the capturing of land value created by planning permissions to fund additional infrastructure. We question how this would work in tandem with the government's proposed 'Planning Gain Supplement' or a revised form of S106. We consider S106 the most appropriate mechanism for funding the mitigation of development.
- 2.32 Long term value capture would be achieved through greater public/private joint venture partnerships.

### **3.0 Chapter 5: Building the Right Homes in the Right Place**

- 3.1 Much of Chapter 5 overlaps with planning policy and the London Plan. We have highlighted concerns but stress that fundamentally the MHS will not be the appropriate document to include matters of planning policy.

#### **Mixed and balanced communities/estate regeneration**

- 3.2 Mix is a planning matter and policy is contained in the London Plan. It is important to cross refer mix of tenure in the MHS to the London Plan. We advocate the reduction in the net quantum of affordable housing available for social rent in estate regeneration as a means to creating mixed and balanced communities and creating value.
- 3.3 Flexibility should allow a net loss of social rented accommodation to provide more market housing in estate regeneration. The density of new development in estate regeneration can often be 30-40% higher than what was built previously which would ensure that land is used in the most optimum way and would ensure a greater level of housing delivery.
- 3.4 Comprehensive estate renewal and allowing a market mix would create balanced communities and avoid piecemeal attempts to replace 'like for like' social rented housing that becomes a cyclical burden on public authority housing budgets.
- 3.5 There are often local connectivity issues associated with local residents and it is paramount that local people are not needlessly separated from their families, friends and familiarity. This is an important point for the MHS as it is where estate regeneration has failed previously.
- 3.6 In new development some of the new social housing should be allocated to existing local residents to avoid unnecessary tension in estates between existing residents and those that are from a different locality.
- 3.7 Existing housing suitable for larger households needs to be used more efficiently e.g. larger homes for larger families. Statistics taken from the GLA London Housing Strategy Evidence Base 2006 suggests that 30% of households in the social rented stock are under occupying. Estate regeneration would be one way of ensuring that the right sorts of homes are reallocated to the right size household. Emphasis is needed in housing policy to ensure that family housing is used for its intended purpose and monitoring should be undertaken to ensure its optimal use.
- 3.8 The subdivision of existing housing units is a planning matter. We would support a restriction in the MHS allowing larger existing housing units to be sub divided into smaller units. This would help to maintain the supply of larger family accommodation in London.
- 3.9 We would support a London wide allocation policy for affordable housing/London wide housing register. This would ensure that the benefits of increased supply in east London and the Thames Gateway would benefit the whole of Greater London. However, a balance will need to be struck between providing new housing to tenants from across London and to existing local tenants.

### **Purpose built student accommodation**

- 3.10 The MHS should support the provision of new purpose built student accommodation in London. This would ease the demand that students place on the existing private rented, particularly family housing, stock. There needs to be recognition that as a world city with over 40 higher education institutions and a student population of 378,000 (London Higher), London needs to provide for student housing demands. Allocated land for student housing would free up family accommodation. If the existing stock was used for its intended purpose, new development could then focus on delivering a greater proportion of 1,2 and 3 bedroom units suitable to house the growth of single person households (ODPM household projections, April 2006 – 70% of household growth will be in single person households).
- 3.11 The MHS should promote the role of student accommodation in facilitating regeneration. Universities and higher education colleges in London generate approximately £8 billion in goods and services across the UK a year – nearly one percent of the UK's GDP (London Higher, 'The Knowledge Capital'). Students are a revenue source, can facilitate regeneration and can bring retail into secondary and tertiary locations. Student housing would not generate car parking requirements resulting in more land being available to provide more housing units and less local impact.

### **Purpose built/targeted accommodation for the elderly**

- 3.12 As well as overall population growth, one of the key challenges, which requires addressing, is the increased number of elderly people and their specific housing needs. Addressing this is necessary in its own right as well as contributing to the efficient use of the existing housing stock through avoiding under occupation. The 2001 Census data for London shows that there were 1.2 million people aged over 60 as well as a further 1.2 million people aged 45-59, accounting for 17% of the population. This large cohort will become frail elderly during the next two decades and is therefore relevant for the MHS to consider.
- 3.13 The London and Sub-regional Support Strategies report (2005) highlights that there are 111,000 households including the frail elderly in London. 58% of these are one person households and 70% are in homes with more than two bedrooms. This represents inefficient use of the existing stock and demonstrates that there could be potential to free up as many as 77,700 larger units in London through the provision of more appropriate bespoke accommodation.
- 3.14 Despite the increasing demand for bespoke accommodation and its role in meeting wider housing supply, it is not addressed sufficiently in policy terms.
- 3.15 The Mayor has raised the need for more family housing in London. Ensuring development of appropriate accommodation for the elderly will help free up larger housing stock, helping to meet this need.

## **East London and the Thames Gateway**

- 3.16 The DCLG Interim Plan (November 2006) increased the Thames Gateway's housing target to 160,000 units by 2016. That is 16,000 units a year against annual delivery of 5,100 units (Thames Gateway Evidence Review, Oxford Brookes University, November 2006). Achieving this level of increased output will need significant infrastructure investment.
- 3.17 The MHS should focus on securing delivery in the east through supporting the delivery of infrastructure. The greatest land availability and potential for new development is in the east. The east will account for almost 50% of new supply and this is where the delivery of new infrastructure and development should be focused. In many areas of the Thames Gateway there is a weak housing market. The housing market in the east and Thames Gateway requires the certainty of investment in infrastructure to change perceptions and make the area a location of choice for new residents.
- 3.18 Many large development sites in east London and the Thames Gateway require costly land remediation which results in low or in some instances a negative land value. It is important that the MHS recognises development will be unlikely to occur if low or a negative land value is accompanied with high costs associated with policy prescription.

## **Affordable housing**

- 3.19 The MHS should also focus on securing the delivery of affordable housing across London. The Mayor's strategic affordable housing target of 50% is frequently misinterpreted as 50% on all sites rather than 50% of London-wide supply from all sources. The sensitivity and flexibility of the Greater London Authority is not always reflected at the local level. Delivery is affected by unrealistic affordable housing requirements making developments unviable.
- 3.20 Planning applications are subject to high requirements for affordable housing as well as a range of other planning obligation requirements including transport, child play space, health and education infrastructure (and in some cases ongoing revenue/maintenance payments) as well as planning requirements such as those related to sustainable design and construction, which impose real and opportunity costs on development. Achieving increased housing supply is dependent on a sensitive approach to what development can deliver and on reducing constraints and the MHS should support this view.
- 3.21 The MHS should recognise that affordability and the size (gross internal area) of new development are interrelated. Larger units cost more than smaller units. Prescriptive space standards will increase the purchase cost of development and therefore affect affordability. Space standards should not be introduced for market housing as they will control the size of new build development with adverse consequences for affordability and in many instances will affect viability and delivery. The need for larger units can in part be addressed through policies to ensure efficient use of the existing stock. We do not consider it appropriate to seek to direct the mix of units on market housing. Developers take the risk of development and must therefore be able to respond to market demand.

Requiring large houses in developments in unsuitable locations is a lost opportunity to provide appropriate accommodation at a higher density and in many cases results in homes beyond the affordability of people in that location. Whilst recent supply has been of smaller units, flatted development only accounts for 6% of the stock in London and the south east. Recent supply is therefore a natural adjustment to reflect market demand.

- 3.22 Requiring a high number of large units in unsuitable, central, locations with good accessibility is a lost opportunity to provide appropriate sized accommodation at higher density. In many cases it will result in new development being unaffordable.

## **4.0 Chapter 6: Creating Places Where People Want to live**

### **Design issues**

- 4.1 Design is a planning consideration and should not be a matter contained within the MHS. The London Plan should be the place where strategic design issues are addressed. Borough planning documents and allied SPG/SPD should be the appropriate documents for specific design detail. It is wholly inappropriate for the MHS to contain information on this. It would lead to duplication and potential confusion if this information was contained in the MHS. Design detail should be cross referenced to the London Plan.

### **Building regulations**

- 4.2 It is the role of Building Regulations and the London Plan to discuss the issues around the design/environmental standard/performance of new homes, not the MHS. The draft supplement to PPS1 on Planning and Climate Change states that (para 1.10):

“It is important to be clear about the relationship between planning policies, which through development control regulate the location and siting of development; and Building Regulations, which deal with conservation of fuel and power, health and safety, accessibility in buildings; and the Code which addresses sustainability in homes.”

- 4.3 Space standards are also a matter for building regulations and as such should not be duplicated in planning policy [PPS1]. Space standards are also a matter of national not regional policy. There is no justification for regional variation through the MHS.

### **Planning and design**

- 4.4 Assessing the design merits of a scheme is an embedded process within the planning system. It would be inappropriate to use the MHS as a tool in planning decision making and therefore it should not comprise detail on design.

### **Infrastructure planning**

- 4.5 The MHS should encourage the planning of infrastructure at the earliest possible opportunity. Public authorities should be assessing what infrastructure is required in line with housing projection, capacity studies and land allocation in UDPs/LDFs. Infrastructure planning should be happening often in advance of new housing development, or in tandem. Sites will not be unlocked to their full potential if infrastructure planning is not adequately undertaken beforehand. Survey work will determine demand, location and type of infrastructure and this detail should be provided in plans. This would create confidence and certainty for the development industry.

### **Better design/higher output/value for money**

- 4.6 Design is a planning consideration and is detailed in the London Plan and borough planning documents. The MHS should not introduce new policy on design.
- 4.7 Developments should be distinctive and the development industry should be able to innovate and design as necessary within a high level framework provided in the London Plan. Arbitrary prescription in the MHS policy will risk increasing costs which will eventually be passed on to the purchaser or, result in marginal schemes becoming unviable. This will frustrate housing delivery.

### **Housing Management**

- 4.8 An integrated approach to the long term tenancy and facilities management of larger residential and mixed use developments will be necessary. Both the management of the development and the associated public realm (whether adopted or not) will require high quality management, particularly where there is intense public usage related to non-residential attractions such as leisure and retail outlets. Ownership patterns (around a third of all private new homes are sold to investors) and high levels of affordable housing imply common management standards as behavioral requirements. RSLs and some of the larger private sector providers may be well placed to deliver holistic and tenure/ownership blind services in ways which reflect high quality without putting further pressure on service charges.
- 4.9 High density may mean higher service charges which might not be affordable for those on low/no-incomes. Cross-subsidy (market to affordable) of service charges is challengeable. A particular problem arises where the maintenance of public realm to a very high standard is required and where public areas are not adopted, thus exacerbating already high service charges with no reduction in households' council tax. More research should be undertaken into this.

## **5.0 Chapter 7: Reviewing Intermediate Housing**

- 5.1 We support the wider role of Intermediate housing and the role it plays in housing people on low and medium incomes and welcome the emphasis this will have in the MHS.
- 5.2 There are inconsistencies in the application of means testing (income thresholds) for qualification for intermediate housing (between boroughs). The MHS should introduce London wide consistency.
- 5.3 We remain very concerned about the removal of low cost market housing from the intermediate sector classification. We urge that the two classifications are kept together in London despite guidance produced in PPS3.
- 5.4 We do not support the removal of subsidy for intermediate housing. Delivery will be frustrated if subsidy is removed.
- 5.5 Greater mobility within the intermediate sector will help recycle public subsidy and should be encouraged.

## **6.0 Chapter 8: Promoting Choice and Mobility**

- 6.1 People should be given the choice of where they would prefer to live in London. We would support either a London wide or London sub regional housing register to achieve this aim through the MHS. Evidence suggests that local connections are a critical ingredient to community building and therefore 'one offer' policies of housing for households in need should not ignore this. It is also important to ensure that a London wide allocation policy also includes local allocation for existing local residents.
- 6.2 There is a long standing policy of cash incentives being paid to move people out of social rented accommodation in central London. We support this approach as an effective way of freeing up social rented accommodation in London. Economic incentives could be explored generally in order to rebalance the social/market housing sectors in London. Currently, 24% (765,000 units) of London's total housing stock (3,145,000 units) are in the social rented sector. (ODPM Housing Statistics 2005). This is a significant proportion of the total number of housing units in London.
- 6.3 The MHS should create the framework to allow people in social rented housing to leave London if that is what they desire. To decant people out of London would help to free up homes for social rent in London and boost populations in other towns across the UK.

## **7.0 Chapter 9: Tackling Climate Change**

### **Climate change and the London Plan**

- 7.1 The climate change agenda is the driving force behind the review of the London Plan and is a prominent feature of TMHS. We share the Mayor's concern regarding climate change and support the urgent need to address it. However, it is the role of the London Plan to consider climate change. We urge that there is appropriate cross-referencing to the London Plan to avoid unnecessary duplication of policy in MHS.
- 7.2 The MHS should emphasise that the scale of the climate change challenge will require a holistic approach which addresses the existing built stock and changes behaviour. The London Plan addresses climate change and new development. The draft Further Alterations to the London Plan recognises that existing residential buildings contribute 73% of emissions. New residential development is less than 1% of the housing stock. The proposed policies risk making development unviable and locking London into the existing built stock rather than economically and environmentally better new buildings.
- 7.3 We think the MHS should focus on taking measures to address the performance of existing stock. This is where the greatest value will be achieved in combating climate change.
- 7.4 We remain concerned that the overall objective of accommodating growth could be undermined by the many policy requirements regarding adapting to and mitigating climate change which, unless treated sensitively and flexibly, and viewed in the context of wider planning gain requirements, could undermine development and London's ability to grow.
- 7.5 We include in Annex 1 an extract on climate change from the London First response to the draft Further Alterations to the London Plan to be read in conjunction with this submission – in particular on issues surrounding the mitigation measures proposed in new development.

**Stuart Walburn**

**Project Manager – Planning and Development**

London First

1 Hobhouse Court, Suffolk Street, London SW1Y 4HH

D: 020 7665 1410 T: 020 7665 1500 F: 020 7665 1537

[swalburn@london-first.co.uk](mailto:swalburn@london-first.co.uk) [www.london-first.co.uk](http://www.london-first.co.uk)

# ANNEX 1:

## London First Response to the Draft Further Alterations to the London Plan

### 1. OVERVIEW

1. London First welcomes the opportunity to respond to the consultation on the draft Further Alterations to the London Plan and looks forward to playing a full part in the Examination process.
2. London First is a business membership group whose aim is to improve and promote London with the objective of ensuring that London maintains and enhances its position as a leading world city. We do this by mobilising the experience, expertise and enthusiasm of the private sector to develop practical solutions to the challenges facing London and to lobby central and London government for the investment that London needs in its infrastructure. London First delivers its activities with the support of 300 of the capital's major businesses in key sectors such as finance, professional services, property, ICT, creative industries, hospitality and retail. Our members represent 26% of London's GDP and are listed in Annex 3.
3. We support the retention, as the Plan's fundamental objective, of the need to accommodate London's population and economic growth. This is not just critical for the capital but for the well-being of the UK economy. The London Plan has been important in setting a vision for the capital and giving investors confidence over its future direction. It is vital that it continues to do this. We cannot afford to be complacent. We welcome the strengthening of policy relating to the CAZ and the establishment of the West End Special Retail Policy Area.
4. The London Plan provides the planning context over a considerable period which will encompass different economic cycles. It is critical that policy is drafted to be flexible and its application is sensitive to support development in less buoyant times. In this regard it would benefit from greater prioritisation of the many policy objectives.
5. We share the Mayor's concern regarding climate change and support the urgent need to address it. However, the role of the London Plan needs to be considered realistically. The scale of the challenge requires a holistic approach which addresses the existing built stock and changes behaviour. The draft Further Alterations recognise that existing buildings contribute 73% of emissions. New residential development is less than 1% of the housing stock. The proposed policies risk making development unviable and locking London into the existing built stock rather than economically and environmentally better new buildings.
6. If the cost of development is made too high the commercial stock needed to attract and retain business will not be renewed, nor will sufficient homes be built to meet population and household growth.

7. In “Towards the Mayor’s Housing Strategy” the Mayor has highlighted concerns about the delay in converting planning permissions to construction starts. Recent increases in housing supply have been through the implementation of historic planning consents with lower affordable housing and other planning gain requirements. Consents received more recently are subject to larger costs imposed through the planning process. As the market softens it may no longer be economically viable to implement these consents. This is already being witnessed through the large number of extant permissions with little change to construction starts. The proposed policy changes in the draft Further Alterations will exacerbate this.
8. We are therefore concerned that the overall objective of accommodating growth could be undermined by the many policy requirements regarding adapting to and mitigating climate change which, unless treated sensitively and flexibly, and viewed in the context of wider planning gain requirements, could undermine development and London’s ability to grow.
9. Some of London’s critical world city functions are very high energy users, for example banks with large dealing rooms and data centres. Unless a pragmatic approach is adopted they could choose to locate elsewhere.
10. The desire to ensure that buildings maximise their contribution to adapting to and mitigating climate change must not undermine their quality and design. It would undermine London’s attractiveness if development was exemplary environmentally but uncomfortable to occupy and of poor architectural quality.
11. The Mayor must work with national Government and regulators to ensure that other regulatory regimes support the overall objectives of the London Plan. This is critical in areas such as water metering, energy supply (including choice) and the licensing regime for ground water cooling.
12. The London Plan should set the strategic direction and focus on outcomes rather than being prescriptive about how they should be achieved. The business community takes its responsibilities regarding climate change very seriously and strongly urges the Mayor to:
  - Set a target for carbon reduction on a sector basis, but not seek to prescribe how it is achieved;
  - Recognise that the proposed measures incur considerable real and opportunity costs which should be considered in the context of wider planning gain requirements and provide guidance on how these costs should be prioritised, ensuring that schemes are able to provide a mix of planning benefits;
  - Consider the use of model planning conditions to ensure energy efficiency and use of renewables, rather than through prescriptive policy; and
  - Investigate strategic renewable energy provision for example of wind farms, tidal power or CHP, which could in part be funded by payments in lieu from s106 agreements.

## 2. ADAPTING TO AND MITIGATING CLIMATE CHANGE

### 2.1 OVERVIEW

13. Climate change has become the political priority at all levels of government and is a major issue for business. Policy in this area is fast developing as are solutions to the problems it creates. The Stern report, published in October 2006, highlighted the economic need to address climate change and the opportunities in doing so. The Government has published a draft supplement to PPS1 on Planning and Climate Change, the climate change Bill, and the Code for Sustainable Homes. Building a greener future sets out how the code, planning and building regulations can drive innovation. The Energy White Paper has established preferred means to meet the country's energy needs.
14. Given the pace of change it is critical that, as far as possible, the London Plan sets clear targets and objectives for carbon reduction, but is not prescriptive on how these are met. Market innovation will be the best way of addressing climate change. This is especially important as the Plan sets policy to 2026, during which time international and national policy and technology are likely to develop significantly. The risks of moving too far too fast should be recognised. It could undermine London's competitiveness and attractiveness if we lock London into technology which is quickly outdated and overtaken.
15. The draft supplement to PPS1 on Planning and Climate Changes states that (para 9):  
  
"It is important that regional planning bodies work with stakeholders in the region and alongside their constituent planning authorities to develop a realistic and responsible approach to addressing climate change. "  
  
16. We do not consider that the Mayor has undertaken such collaborative working in formulating his policies and they do not represent a realistic or responsible approach. It is critical that policies are developed with those undertake, finance and advise on development and those that occupy, insure, manage and invest in buildings.
17. The London Plan must establish the appropriate policy framework for London and this should not be duplicated at the borough level. The scale of the issue and speed at which we must act demands clarity of policy and a level playing field across the capital. There is no rationale for local variation in policy.
18. Given the scale and nature of the issue, the role of the London Plan must be considered realistically. 73% of emissions come from the existing building stock. The planning system is only one mechanism to address this important issue and cannot effect significant change alone. Real progress cannot be achieved without fundamental behavioral change. Sustainable buildings will be made ineffective by unsustainable occupier behaviour. This requires national action from the Government as well as the introduction of fiscal incentives and disincentives. Consumer education is critical to change expectations and influence the market to favour energy efficient building construction and use.

19. Policy must recognise and be realistic about consumer choice and behaviour. As temperatures rise, especially in the summer, the demand for air conditioning in residential properties will increase. Policy should recognise this and seek to ensure that provision is energy efficient. Refusing to allow developers to install air conditioning is likely to lead to occupiers installing less efficient and environmentally poorer units.
20. Proposed policies impose real and opportunity costs which must be balanced against other Mayoral objectives and priorities including those relating to planning obligations and affordable housing. The draft supplement to PPS1 on Planning and Climate Change states that [para 6]:
- “In enabling the provision of new homes, services and infrastructure, and shaping the places where people live and work, secure the highest *viable* standards of resource and energy efficiency and reductions in carbon emissions.”
21. The PPS goes on to state that policies should (para 23):
- “Have regard to overall costs of bringing sites to the market and the desirability of avoiding any adverse impacts on the development needs of communities;
- ensure the proposed approach is consistent with securing the expected supply and pace of housing development....”
22. Policies in the London Plan should:
- Be consistent with national policy;
  - Avoid inappropriate levels of detail for a regional spatial strategy;
  - Avoid prescription;
  - Be clear and achievable;
  - Prioritise energy efficiency;
  - Take account of the full environmental impact of measures;
  - Recognise the importance of wider initiatives to reduce energy use and emissions such as car clubs, local recycling and green travel plans;
  - Not duplicate building regulations; and
  - Recognise limits placed by other regulatory regimes for example for residential customers to have the right to choose and switch energy supplier.

## 2.2 CARBON REDUCTION

23. The emphasis of London Plan policy should be on carbon reduction. Reducing energy use and promoting efficient buildings is critical and should be the starting point for policy.

## 2.3 DUPLICATION WITH BUILDING REGULATIONS

24. Building Regulations are the established and appropriate regulatory framework for matters relating to sustainable design and construction. Planning policy should not seek to duplicate Building Regulations. Recent government statements have made clear the role of planning and Building Regulations.

25. The draft supplement to PPS1 on Planning and Climate Change states that (para 1.10):

“It is important to be clear about the relationship between planning policies, which through development control regulate the location and siting of development; and Building Regulations, which deal with conservation of fuel and power, health and safety, accessibility in buildings; and the Code which addresses sustainability in homes.”

26. The draft goes on to say (para 8):

“Controls under planning, building control and other regulatory regimes should complement and not duplicate each other.”

27. and that authorities should (para 23):

“Consider the contribution to be made to meeting the energy performance requirements of new buildings set through Building Regulations.”

28. Finally, it states that (para 31):

“Planning authorities should not need, however, to devise their own standards for the environmental performance of individual buildings as these are set out nationally through the Building Regulations. Higher standards for new homes are set out in the Code for Sustainable Homes.”

29. Duplication of Building Regulations is contrary to Government policy in PPS1 which states that (para 30):

“Planning policies should not replicate, cut across, or detrimentally affect matters within the scope of other legislative requirements, such as those set out in Building Regulations for energy efficiency.”

30. Building Regulations have evolved through rigorous testing and tracking best practice. The standards required have increased considerably and rapidly in response to the climate change agenda. Energy efficiency standards for new homes are 40% better than those before 2002 and 70% better than in 1990 (para 2.24 p14 “Building a greener future: Towards zero carbon development.”)

31. The Government has announced proposals in this consultation document to, through Building Regulations, improve energy performance of new homes by 25% by 2010 (compared to Part L Building Regulations 2006), 44% by 2013 and to be zero carbon in 2016 (para 2.27).
32. On 28<sup>th</sup> June it was announced by the Buildings Regulations Minister Angela Smith, that new measures are being introduced to increase compliance with building standards and improve the way that local authority and approved building control bodies work. The new system of Performance Indicators and updated Performance Standards, developed by the Building Control Performance Standards Advisory Group, will measure performance on compliance, staff development and customer service.
33. BREEAM already covers a wide range of issues including: carbon dioxide emissions with quantified benchmarks; air quality and ventilation; recycling and reuse of materials; water consumption and conservation; lighting; environmental impacts of construction materials; and transport implications of buildings. Building Regulations also cover these matters, specifically, Part H deals with drainage and waste disposal, Part L with conservation of fuel and power and part seven with materials.
34. To address any concern with the tradability of elements of BREEAM i.e. a high score in one area could allow an applicant not to address another, in pre-application discussions; the GLA could adopt a similar approach to that undertaken in Environmental Impact Assessments (EIAs) by setting out at the outset the GLA's sustainable design and construction priorities for a scheme. This should be done in conjunction with the applicant and taking account of what is technologically and economically feasible.
35. A fundamental issue is where and at what stage in the development process matters such as energy efficiency are best dealt with. The purpose of the planning application process is to establish appropriate mix, use and design. Building Regulations govern issues such as building services and health and safety. This has been restated in the draft supplement to PPS1 on Planning and Climate Change (para 1.10, see above).
36. The integration of new technologies requires significant and costly research, as well as feasibility assessments. Applicants will not wish to do this before they have established the principle of the application and believe that they are likely to gain permission. The requirement to address these issues at such an early stage of development will significantly escalate the cost of making applications. The London Plan should therefore avoid prescription and establish a carbon saving target which the applicant can meet in the most appropriate way.

## 2.4 COST

37. We welcome the recognition of the cost implications of measures and look forward to the publication of the Mayor/LDA's research on this. The Plan should go further in recognising that these costs should be considered in the context of wider planning gain requirements. Guidance should be provided on the need to prioritise different objectives and requirements. The Plan should make it clear that the desire to achieve policy requirements should not be a barrier to delivery. Whilst some measures may produce long term savings, these are generally enjoyed by the occupier and not reflected in rental or sale values.
38. The different cost implications of measures should be recognised as:
- Direct cost
  - Opportunity cost of land/floorspace used
  - Increased cost through longer construction processes
  - Increased cost through increased risk
39. The draft supplement to PPS1 on Planning and Climate Change emphasises the need to have regard to the cost implications of climate change measures and states that (para 8):
- “In enabling the provision of new homes, services and infrastructure, and shaping the places where people live and work, secure the highest *viable* standards of resource and energy efficiency and reductions in carbon emissions.”
40. It goes on to state that policy should (para 23):
- “Have regard to overall costs of bringing sites to the market and the desirability of avoiding any adverse impacts on the development needs of communities;
- ensure the proposed approach is consistent with securing the expected supply and pace of housing development...;

## 2.5 DECENTRALISED SUPPLY

41. London First considers that decentralised energy can play a role in mitigating climate change but only as part of a wider strategy. We do not support the Mayor's approach of decentralised energy on a site basis because we consider that a strategic approach to energy supply in the capital is needed to address both new development and the existing stock; that it is inefficient and costly, especially in a city where land is a scarce resource; and it is not supported by other regulatory regimes. Customers have the right to switch supplier and cannot be compelled to take energy from the ESCO.

42. A more appropriate approach would be for the Mayor to seek to deliver the necessary infrastructure across major development areas in advance of development in order to maximise economies of scale and reduce uncertainty. These could also serve existing commercial and residential buildings. Providing infrastructure on an area rather than site basis gives a better load profile by serving a mix of uses. Strategic energy from waste provision would contribute to the urgent need to manage London's waste.
43. The Mayor should urgently investigate more strategic provision through wind farms, tidal power or large scale CHP which could in part be funded through in lieu section 106 payments. In addition, a London off-set fund could be established by encouraging businesses to off-set carbon use. The funds could be pooled and used to provide strategic new energy sources. Sites can be secured through the use of CPO where necessary.
44. This approach is supported in the draft supplement to PPS1 on Planning and Climate Change which states that authorities should (para 23):

“Bear in mind that off-site but localised generation and supply of energy may be more effective in reducing carbon emissions, and build flexibility into their policies for where this is demonstrably the case because local networks are, or will be, available for connection.”
45. Decentralised supply on strategic applications is an inefficient use of land, is not attractive to ESCOs and is hard to achieve under the current regulatory regime. In a city where land is an expensive and scarce resource this approach is unsustainable. Seeking to provide lots of small CHP plants is inefficient and unattractive to ESCOs. CHP plants ideally serve a mix of uses on a large development with a good potential revenue stream and have a capacity of at least 500 KW.
46. The requirement for CHP adds risk to the development process as the developer is unlikely to have an agreement with an ESCO to provide energy at the planning application stage. The small number of ESCOs enables them to exercise significant power over terms and conditions, a position which would be strengthened by the Mayor's proposed policies.
47. The provision of CHP adds legal complexity, especially where the completed development is subsequently sold. If elements of the development are connected through CHP, sale or partial redevelopment will be complex.
48. The renewable energy requirements of such systems raise wider sustainability and practical issues. Whilst biomass may be considered to be the most viable option, this usually falls away when the economic and environmental costs of delivering material from distant areas are taken into account. Delivering biomass to each development would cause congestion and increase CO<sub>2</sub> emissions which would be contrary to the Mayor's climate change and transport objectives.

49. The proposal that where a new CCHP/CHP system is installed in a new development it is extended beyond the site boundary to adjacent areas is contrary to Circular 11/95 on planning obligations (the test being that an obligation is: (i) relevant to planning; (ii) necessary to make the proposed development acceptable in planning terms; (iii) directly related to the proposed development; (iv) fairly and reasonably related in scale and kind to the proposed development; and (v) reasonable in all other respects); and would fail the six tests for conditions in Circular 05/05: i. necessary; ii. relevant to planning; iii. relevant to the development to be permitted; iv. enforceable; v. precise; and vi. reasonable in all other respects.

## **2.6 CARBON REDUCTION AND RENEWABLE ENERGY**

50. Renewable energy is a means to an end, the end being carbon reduction. We are concerned that the focus on the percentage of renewable energy detracts from the objective to reduce carbon emissions. Policy should clarify that this is the principal objective for development. Those that fund and design development should decide how best to achieve the reduction.
51. The Mayor should provide scenarios of how he plans to meet his target of reducing CO<sub>2</sub> by 60% by 2050 including for the milestones of 2010 (15%), 2015 (20%) and 2020 (25%). This should address how different sectors will be expected to meet this target. This should apply to new development as well as the existing stock. Carbon reduction of the scale needed requires wholesale strategic solutions which address the existing stock and non-building related use as well as development.
52. We are deeply concerned about the proposed requirement for 20% CO<sub>2</sub> reduction through on-site renewable energy coupled with the proposed hierarchy for heating systems. Policy 4A.8 of the current London Plan seeks a proportion of energy to be from renewable sources, where feasible. The Mayor's Energy Strategy, which is not part of the development plan, seeks that this is 10%. The policy has not been in place long enough to be properly tested and implemented. Policy should retain "where feasible" the test for which should be financial viability. This would reflect Government policy in the draft supplement to PPS1 on Planning and Climate Change.
53. It has been suggested that recent strategic applications referred to the Mayor have achieved 10% renewable energy. We consider that it is too early to make any such judgements as these permissions are yet to be implemented/developments completed and occupied. We are not aware of any completed developments which have achieved near 10%. The Mayor should provide evidence of what has been achieved in operational buildings before seeking to increase the target. It is not sufficient to draw on evidence from other countries where there are different legislative and regulatory regimes as well as different historic energy solutions.
54. Seeking 20% renewable energy is unrealistic and undeliverable and therefore contrary to PPS22 Renewable Energy which states that policies requiring a percentage target for renewable energy (para 8):

“(i) should ensure that requirement to generate on-site renewable energy is only applied to developments where the installation of renewable energy generation equipment is viable given the type of development proposed, its location, and design; and (ii) should not be framed in such a way as to place an undue burden on developers.”

55. The Renewable Energy Toolkit’s underlying assumptions do not support an increase of 10 to 20% renewable energy. If the Toolkit is to support a 20% target the assumptions about energy availability and demand would require substantial revision. A toolkit on carbon reduction should also be developed.
56. The energy form in a development must be acceptable and relevant to the end user. Because much of the technology is very new there is occupier concern regarding reliability, especially when signing long leases. Whilst there may be provision for renewable energy, the occupier cannot be compelled to use it. As many of the proposed renewables are more costly to run, facilities managers are likely to prefer cheaper conventional plant. The achievements of targets could therefore be on paper rather than in practice. Occupiers may also choose older, less sustainable buildings, if these are considered less risky.
57. Development of supply chains is critical to give developers and occupiers confidence. Technology must also be warrantable for the end user. CHP based on renewables is not currently warrantable.
58. The Mayor is seeking to be too prescriptive as to how the overall objective is achieved. A more appropriate approach would be to set a realistic and achievable target for carbon reduction and allow the applicant to find the best means of achieving it. This target could be increased as new technology becomes available and has a proven track record and supply chains are developed. This would encourage reduced energy needs through innovative design as well as use of renewables where feasible and appropriate.
59. This is especially important as this is an area of fast and considerable technological change and would help in encouraging innovation. A carbon toolkit could be developed to work in parallel with Part L of the Building Regulations on the same basis for calculation and assessment.
60. A more appropriate strategy could consist of:
  - Establishing an overall carbon reduction target which applicants are free to address as they choose
  - Off-site renewable energy provision within London
  - Carbon trading
  - Carbon off-setting
  - Penalty payments for developments not achieving the renewable target with the proceeds going to fund community schemes
  - Exploring peak loading reduction techniques which could reduce the need for peak load “dirty” power stations and utilise low carbon base load generation capacity operating over 24 hours. This would reduce carbon emissions and the need for new power stations.

61. To achieve carbon reduction and renewable energy use there needs to be a simple, robust and transparent assessment process which can be applied consistently and audited independently to ensure credibility.

## 2.7 RENEWABLE TECHNOLOGIES

62. General issues facing the use of renewable technologies are:
- Cost
  - Low power density
  - Reliability
  - Some are highly episodic
  - Market acceptance
  - Unsuitable to baseload application
  - Availability
  - Mix of uses
  - Land take
  - Transport (wider environmental footprint)
63. The draft supplement to PPS1 on Planning and Climate Change states that authorities should [para 23]:
- “make realistic assumptions on the availability of renewable and low carbon technologies and applicable thresholds for their viable delivery.”

### Wind Energy

64. Optimum wind speed for wind power is 10-12m/second whereas average speeds in London are 2-3m/second.
65. Small scale turbines do not supply sufficient energy. Larger turbines, which are not suited to individual developments, are required to achieve realistic economies of scale:

Size/Type	Rated Output	Typical Cost	Cost (£) per KW installed	Cost (£) per tonne CO <sub>2</sub> saved
Small Battery charging	50/70W	350-500	7143	554
Small Battery charging	600W	3,000	5,000	388
Medium Grid connect	60KW	90,000	1,500	116
Large Grid Connect	600KW	390,000	650	50
Large Grid Connect	2MW	1.4m	700	54

Source: Energy Saving Trust

### **Photovoltaics**

66. Photovoltaics are energy intensive to manufacture (and therefore have a larger overall footprint) and have a high capital cost. Crucially, they are unlikely to make a significant contribution to meeting the renewable energy requirement.

### **Solar Water Heating**

67. Solar water heating is relatively low cost and can make an important contribution for residential buildings.

### **Biomass**

68. Biomass CHP technology is still at the pilot stage and not yet available for widescale use.
69. Whilst the fuel might be low carbon, the means of transporting it to the point of use is unlikely to be so, increasing the overall footprint as well as contributing to congestion. There are concerns about availability and security of supply which make it less attractive on large developments.

### **Ground source heating and cooling**

70. Open loop ground source heating and cooling is subject to a complex licensing procedure where licenses are frequently shorter than typical lease lengths. Appropriate spacing is required which means that adjacent developments may not be able to use it. It also impacts on the design of foundations. There is a lack of borehole drilling expertise and capacity.
71. For closed loop systems there is limited capacity and feasibility is subject to ground conditions. There is limited design and construction expertise in the UK. Closed loop borehole performance is more predictable and reliable than open loop systems but has a much lower capacity

### **Fuel Cells**

72. Fuel cells are efficient in producing a high proportion of electrical power to heat and have very low emissions. However, they are prohibitively expensive with a high lifecycle cost (requiring core replacement every 5-10 years) with limited availability.

### **Tidal Energy**

73. The UK benefits from one of the best sources of tidal energy. A more strategic approach would be to investigate how this could be harnessed to serve London.

## **2.8 RELIABILITY**

74. Uncertainty about the performance and long-term management and maintenance of new technologies is a major concern and a barrier to delivery of low carbon/renewable energy technologies. The Mayor should consider collaborating with organisations such as CIBSE, The Institute of Energy and the Renewable Energy Association to seek to overcome concerns of the market through:
- Performance validation
  - Monitoring and enforcement
  - Underwriting/guarantees/warrantees
  - Product development/buyers' clubs (as used in Sweden to promote the development of new technologies)
75. It should also be noted that the network is not configured to receive significant amounts of energy, nor is the regulatory regime framed to support significant sales back to the national grid.

## **2.9 USE OF ROOF AREAS**

76. Proposed policies create a number of competing demands for roof spaces such as living roofs, mechanical and electrical plant, solar water heating, photovoltaics, communication equipment, turbines and amenity space. Where land values are very high and buildings are necessarily taller, such as in central London, the relative roof area available to total useable area is much lower than in low rise buildings.

## **2.10 INAPPROPRIATE DETAIL**

77. Policies within the draft Further Alterations such as 4A.5i and 4A.7 provide inappropriate detail contrary to PPS11: Regional Spatial Strategies (para 1.5):
- “It is important that they [RSS] strike the right balance between providing a clear strategic framework and avoiding unnecessary or inappropriate detail.”

## **2.11 SKILLS**

78. We are concerned that there is not the skill base in borough planning departments to assess and monitor the implications of the Mayor's new policies, as much of this is emerging technology and not the traditional sphere of planning, but of building regulations. The Mayor should give urgent consideration to ensuring that there are sufficiently trained planners in the boroughs to address this.

## **2.12 DRAFT SUPPLEMENT TO PPS1: PLANNING AND CLIMATE CHANGE**

79. The Government's approach to climate change has been set out in the draft supplement to PPS1. This section has quoted extensively from the draft, which is consolidated in Annex two.
80. We consider that the draft Further Alterations do not reflect Government policy, in particular with respect to taking a regionally different view; the level

of prescription; consideration of viability and the relationship between planning and building regulations. The draft policies should therefore be urgently reviewed and amended to reflect Government policy.

### **2.13 BUILDING A GREENER FUTURE: TOWARDS ZERO CARBON DEVELOPMENT, DECEMBER 2006**

81. In this consultation document the Government has set out its approach to achieving zero carbon development. Crucially the Government has decided that Building Regulations are the appropriate regulatory mechanism to achieve this and that planning authorities should not seek to set different standards (para 2.52):

“If we allowed every local planning authority to set different standards for building methods and materials, so that developers faced hundreds of varying standards across the country, we believe industry would find it extremely difficult to build the capacity it needs to adapt its supply chains and practices so as to meet the challenging new national framework we are aiming for....This could also jeopardise the economies of scale that can be realised by setting national environmental standards.

(2.53) such a variable approach could also mean that prices of new development would rise and fewer homes would be built – particularly if there is a risk of authorities setting unrealistically high standards.”

82. The London Plan policies therefore need to be amended to reflect this approach.

## 2.14 PPS11: SOUNDNESS TEST

83. In light of the issues set out above, we do not believe that the draft Further Alterations meet the Government's soundness test as set out in PPS11: Regional Spatial Strategies (para 2.49) (see Annex 2), in particular:
- (iii) whether it is consistent with national planning policy and if not whether the case has been adequately made for departing from national policy;
  - (v) whether the policies in it are consistent with one another;
  - (vi) whether it is founded on a robust and credible evidence base;
  - (viii) whether it is realistic, including about the availability of resources, and is able to be implemented without compromising its objectives;
  - (ix) whether it is robust and able to deal with changing circumstances;
84. Most critically, we do not believe that there is an evidence base to support proposed policy changes such as decentralised energy and 20% renewable energy. The level of prescription in this regard, in what is a fast moving area politically and technologically does not allow for these changing circumstances. The Government's response to the Stern report will be critical in particular with respect to initiatives such as carbon trading and fiscal incentives/disincentives.

## Chapter 4: The crosscutting policies

### 4A. Climate Change

85. Our over-arching concerns with the approach taken are set out in Section 2 which looks at concerns regarding climate change measures in their own right and in the context of other planning gain requirements. This issue is recognised in the reasoned justification (para 4.1vi):
- "The Mayor and boroughs need to have regards to cost and feasibility of measures to tackle climate change within developments."
- However, this is not reflected in policies within the Plan. The Plan should be amended to do so.
86. The assertion that [para 4.1vi] "building occupiers will also increasingly expect developments to incorporate such measures" is speculative and subjective and not founded on any evidence and should therefore be removed.

## Tackling Climate Change

87. It should be noted that any long term savings as a result of preventative/adaptive measures (para 4.1vi) will be enjoyed by the occupier rather than the developer and are not reflected in prices/rents.
88. **Policy 4A.15 Tackling Climate Change** (p196): states that the Mayor will work with a range of bodies to achieve a holistic approach to climate change. The business community including the development industry should be added to this.
89. The policy should recognise that decentralised supply is not appropriate in all instances and should therefore be amended accordingly:
- “Prioritise decentralised energy generation, including renewables, *where appropriate and feasible.*”
- This also reflects the wording in policy 4A.2i.
90. The reasoned justification [para 4.1vi] states that “the Mayor and boroughs need to have regards to cost and feasibility of measures to tackle climate change within developments.” This should be included in policy 4A.15.
91. The reasoned justification should explain what measures the Mayor will be taking to “promote measures to increase the cost effectiveness of, and incentives to use, technologies and applications that support mitigation of and adaptation to climate change.”
92. Recognising wider planning and planning gain objectives, paragraph 4.4i of the reasoned justification should be amended:
- “The targets should be applied to developments in an integrated fashion so that the fullest and most appropriate contributions can be identified in the context of each particular proposal, *and other planning requirements.*”
93. We welcome the Mayor’s offer of providing training and expert advice and consider that this should be done as a matter of urgency.
94. We note the carbon reduction targets set out in new policy 4A.2ii. The reasoned justification should explain how these targets will be achieved and implications for different sectors and parties.
95. **Policy 4A.2i sustainable design and construction** (p199): the policy is framed narrowly focussing on development control measures. A positive statement on wider sustainability benefits of development (social and economic) should be added.
96. We do not consider that it is appropriate or reasonable for buildings to have to be designed for “flexible use throughout their life time” without compromising the design for the original purpose. For example, it is not possible to reasonably design a retail development for alternative uses. A headquarters

office in the City will need to meet the requirements of internationally mobile occupiers. This should therefore be amended:

“Flexible use throughout their life time, *where feasible*”

97. Passive solar design can only make limited contributions and should not compromise other appropriate considerations in siting buildings for example relationship to roads or public space. In buildings with significant room heat gains (such as offices) and with rising external temperatures, using passive solar gain greatly increases the risk of summer overheating and with it the demand for air conditioning. The policy should therefore be amended:

“Passive solar design, *where appropriate...*”

98. It should be noted that secure ventilation would reduce the need for air conditioning, in particular in residential properties, and should therefore be investigated.

99. The requirement for flood resilient demand should only be “*where appropriate*”

100. Incorporation of CHP and CCHP should only be where it is appropriate and feasible to do so. The policy should therefore be amended:

“...CHP and CCHP schemes, and other treatment options, *where appropriate and feasible.*”

101. In the interests of simplicity and avoiding duplication, rather than requiring an additional statement on major applications addressing sustainable design and construction, sustainability statements should ensure that they address the key issues. This reflects emerging policy in the draft supplement to PPS1 on planning and Climate Change which states that [para 8]:

“Information sought from applicants should be consistent with what is needed to demonstrate conformity with the development plan and this PPS, and be proportionate to the scale of the proposed development and its likely impact.”

“Specific and standalone assessments of new development should not be required where the required information is to be made available to the planning authority through the submitted Design and Access Statement, or forms part of any environmental impact assessment or other regulatory requirement.”

102. The policy should therefore be amended:

“The Mayor will and the boroughs should require that all applications for major developments *are accompanied by sustainability statements which address the potential implications of the development on the principles of sustainable design and construction...*”

103. The requirement to minimise new aggregate use and use of insulating material should be amended:

“The Mayor will and boroughs should ensure that developments minimise the use of new aggregates *where feasible* and *where possible* do not use insulating and other materials containing substances which contribute to climate change through ozone depletion.”

104. The reasoned justification paragraph 4.4ii should clarify that applicants should address the essential standards in the Sustainable Design and Construction SPG, not the preferred standards as these are not based on policy.

### **Sustainable Energy**

105. **Policy 4A.8: Energy Assessment** (p201): The assessment should be part of the sustainability statement, as per our comments on policy 4A.2i. The proposed information in energy assessments is inappropriate and too detailed for planning application stage. This would be consistent with the approach in the draft supplement to PPS1 on climate change (see above).

106. The Mayor must also recognise that the landlord can not control how a tenant occupies a building. The policy should be amended:

*“Energy assessment within the sustainability statement should provide, where appropriate, information on baseline energy demand and proposals for CO<sub>2</sub> reductions.”*

107. Reference to exploring extending the assessment to other greenhouse gases should be removed from the policy at the very least, and preferably the London Plan, given the vague nature of the statement.

108. **New policy 4A.5i: Decentralised energy: Heating, Cooling and Power** (p202): If a policy of proposing decentralised energy is pursued it must be in tandem with raising public awareness and increasing acceptance of it and addressing the regulatory environment, especially with respect to the requirement for residential customers to be able to choose and switch suppliers. It should be noted that communal heating in social stock is often removed on refurbishment because of operational problems. SELCHIP is able to provide local hot water but does not as there is no market demand.
109. Rather than require developers to demonstrate how heating systems have been selected which is not reasonable and too prescriptive, policy should seek that heating systems are chosen to minimise CO<sub>2</sub> emissions:
- “The Mayor will and boroughs should expect developments to select heating, cooling and power systems to minimise CO<sub>2</sub> emissions.”*
110. Likewise, it is too prescriptive to require applicants to demonstrate how heating and cooling has been selected and to adhere to the Mayor’s preferences, the policy should be amended:
- “Applicants should take account of the Mayor’s preference for heating and cooling provision.”*
111. The proposed hierarchy is too detailed and prescriptive for a strategic plan. The preferred solutions are problematic and do not suit all types of development, especially those that are small and single use. If it is included it should be in the reasoned justification and not policy. The following should be noted:
- **Connection to existing CCHP/CHP distribution networks;** this will not significantly take off in the current legislative and business risk management situation. CCHP only works financially if there are large cooling demands year round in buildings in close proximity. There is no suitable small cooling plant available for low demand/low energy buildings.
  - **CCHP/CHP powered by renewable energy;** this is embryonic and it will be some years before commercially proven plant for development will be available. None of the commercial ESCOs currently offer renewable powered CHP as standard.
  - **Gas-fired CCHP/CHP:** This is commercially available from ESCOs but only on the largest mixed use developments.
  - **Communal heating and cooling powered by renewable energy:** This can be costly in whole life terms because the revenue from heat and cooling on its own is low.
  - **Gas condensed boilers:** These are already mandatory for dwellings (Building Regulations Part L1A).

112. As outlined in section 2, decentralised energy on a site by site basis may not always be appropriate as it requires scale and a mix of uses to be viable.
113. **Policy 4A.7 Renewable energy** (p204): we do not consider the proposed requirement for 20% CO<sub>2</sub> reduction through on-site renewable energy to be realistic, appropriate, viable or deliverable. Current policy seeks that a proportion of energy is from renewable sources, where feasible. 10% is not within policy or the London Plan.
114. PPS22 Renewable Energy states that policies requiring a percentage target for renewable energy [para 8]:
- “(i) should ensure that requirement to generate on-site renewable energy is only applied to developments where the installation of renewable energy generation equipment is viable given the type of development proposed, its location, and design; and (ii) should not be framed in such a way as to place an undue burden on developers.”
115. 20% renewable energy by 2020 is a Government aspiration, not policy (Energy Review Report, 2006, draft supplement to PPS1 on climate change.)
116. The draft supplement to PPS1 on planning and Climate Change states that [para 23]:
- “In proposing increases in the proportion of energy supply to be gained on site and renewably and/or from decentralised, renewable or low carbon, energy supply, set out a clear and realistic timeline for when the new standard will be applied so as to allow proposed new development to adjust to that standard successfully.”
117. This approach is not reflected in the draft Further Alterations. The policy should therefore be amended:
- “The Mayor will and boroughs in their DPDs should require developments to achieve a reduction in carbon dioxide emissions of *10%, where feasible, from on-site renewable energy provision. The Mayor will keep this figure under review and will seek to increase it when technology and other factors allow to 20%.*”
118. The following reference is inappropriate and should be deleted [para 4.18ii p205]: “applications proposing prestige cladding should incorporate photovoltaics where feasible”

## Adapting to Climate Change

119. **New policy 4A.5iv Overheating** (p208): the terms “internal over heating” and “excessive heat generation” require technical definition for such a policy to be implementable. Developers should not be required to “demonstrate how development could be made heat resilient in design” as it is unduly onerous. This should be deleted from the policy.
120. **Policy 4A.5vii Sustainable drainage** (p211): The drainage hierarchy is too prescriptive for a regional spatial strategy. It should be included in the reasoned justification and the policy amended:
- “The Mayor will and boroughs should, seek to ensure that surface water run-off is managed as close to its source as possible. *Applicants should have regard to the Mayor’s drainage hierarchy as set out in the reasoned justification.*”
121. **Policy 4A.11 Water supplies and resources** (p212): the proposed introduction of targets for water recycling in major developments are not appropriate or feasible and should therefore be deleted from the policy.
122. The maximum water use target of 40 m<sup>3</sup> per bedspace per year is not founded on evidence, is too detailed for a regional strategy and is incapable of being monitored or enforced. It should therefore be deleted.
123. The Government is currently consulting on “Water Efficiency in new buildings,” December 2006. It has stated that: there should not be regionally different approaches to water efficiency; water efficiency should be addressed through the building regulations; and the target for daily consumption per capita will be 120-135 litres.
124. The document states that (para 3.1 p19):
- “Our preferred route for introducing minimum water efficiency standards is via amendments to the existing Building Regulations, laid under the Building Regulations Act 1984. This would be achieved by amending Schedule 1 to the Building Regulations 2000 [SI No. 2531 of 2000]
- We believe that it would be preferable to have a single set of regulations that deal with the most important sustainability requirements within buildings. There are two main advantages in using the Building Regulations route. Firstly, to bring the regulatory requirements for construction, design or fitting of new building into one place, in order to make regulations as simple and light as possible. Second, to aid compliance – as building control bodies already help confirm compliance with building regulations, the additional requirement would fit well with their remit.”
125. The Government’s preferred option [para 4.7 ] is for a whole building standard based on 120-135 litres per capita consumption (based on bedspace/occupancy) per day. The government clearly states [para 2.23] that it is not persuaded that regional differences in approach would be the correct course of action.

126. Grey water recycling is only viable in large commercial developments and is not cost-effective in residential development.
127. The Plan could usefully draw out the relationship between water consumption and energy use: 1m<sup>3</sup> of water requires 1 kilowatt hour of embodied energy. Reducing water consumption therefore contributes to wider energy/carbon reduction targets.