

**Draft London Plan –  
London First Response  
2<sup>nd</sup> March 2018**

## Executive Summary

London First is a business membership organisation with the mission to make London the best city in the world in which to do business. We represent the capital's leading employers in key sectors such as financial and business services, property, transport, ICT, creative industries, hospitality and retail.

London First welcomes the publication of the Mayor's draft new London Plan ('the Plan'). We welcome the Plan's aim to address inequality and to make London a better city for everyone: economically, socially, and culturally. We support the principles of good growth, including, inter alia, making the best use of London's land, delivering the homes that Londoners need, and growing a good economy.

We recognise that the Plan is seeking to deliver a step change in the type and scale of development by comparison to its predecessors and that it sets very ambitious targets – in particular, for housing, transport and the environment/sustainability. Whilst we agree with the principle of setting boroughs and developers ambitious targets, these must also be deliverable and viable within the context of the whole Plan and its policy requirements.

We have some significant concerns that the Plan and its policies, as currently drafted, are unlikely to deliver the Plan's strategic objectives and the scale of growth envisaged, due to:

- the cumulative impact of the policy requirements on development viability; and
- a lack of clarity and flexibility on planning policies that underpin the Plan's ability to deliver its strategic growth potential.

We therefore set out our recommendations for amendments and key changes to the Plan on a number of strategic and detailed policies; we believe these recommendations will enable the Plan to better achieve its strategic growth targets and to ultimately deliver more homes and jobs. We provide a summary of the key issues and recommendations below; reference to the more detailed comments are outlined in the remainder of this submission.

### **Cumulative impact of the Plan's policies on development viability**

We have examined the evidence base supporting the Plan and have undertaken an alternative viability appraisal. Our alternative viability appraisal demonstrates that the cost of achieving the Plan's policies has not been properly tested and that the methodology, values and assumptions on which the viability appraisal is based do not reflect the true variation in land values and commercial market areas in London. This evidence is set out in Section 2.

The GLA's London Plan Viability Study (2017) states at paragraph 18 that:

*"The underlying message of the viability testing is that most development types can meet the policy requirements of the draft London Plan"*

Our evidence shows that the cumulative impact of the Plan's policy requirements renders a significant proportion of the development types assessed commercially unviable, demonstrating that not all of the policy requirements can be satisfied on most schemes.

The planning process is inherently one of balancing competing needs and priorities. It requires the decision maker to weigh policy requirements and material considerations against the overall merits of the proposed development. Notwithstanding the conclusions of our viability appraisal, we believe a greater proportion of development would be commercially viable if the Plan's policies were more flexible in their wording and applied pragmatically by decision makers. We set out our recommendations on key changes to policy wording in order to make it more flexible, particularly with regard to policy H6, on the threshold approach to viability:

- amendments to the threshold approach to make it easier for more schemes to go through the non-viability tested route, including those schemes where 35% is being met, but the mix is not compliant. We further recommend wording be made more flexible on the requirement to meet 'all other planning policies and obligations';
- boroughs should be able to set an alternative threshold that reflects the costs of land assembly, land preparation and infrastructure delivery, and that may be below 35% for Opportunity Areas (OAs) and strategic sites;
- amendment to the policy threshold approach for public land that recognises this will not be achievable on all sites;
- an appropriate threshold should be set for Strategic Industrial Land and some forms of housing, including Build to Rent (BTR), Student and Co-living, which more accurately reflects viability; and
- the need for a transition period to allow for sites purchased prior to the adoption of the GLA Affordable Housing and Viability SPG 2017 that will not be viable or deliverable at the threshold level.

In order to assist the GLA and boroughs in weighing up the competing demands of development against policy requirements, the Plan should set out a clear hierarchy of its policy priorities. Whilst policy DF1 (part D) attempts to do this, policy priorities should be made even clearer; for example, whether a development should deliver higher levels of affordable housing, or design quality versus achieving higher environmental standards.

### **Planning policies central to delivering the Plan's strategic-growth priorities**

We strongly support the new housing target of 65k homes per annum for London; this represents a significant uplift from the current London Plan target of 42k homes and from average levels of housing delivery in the capital, which are at approximately 31k. The Plan also sets ambitious targets for commercial development. We believe that – as currently drafted – a number of the Plan's policy approaches on strategic issues will, in fact, constrain London's ability to meet its housing and economic development growth targets as follows:

- Density, design and tall buildings – with the removal of the density matrix and a design-led approach to site optimisation, the Plan places significant responsibility on boroughs to prepare evidence and new planning policies on densities and tall buildings, and is heavily reliant upon design reviews. We are concerned that boroughs will lack the skills and resource for this additional work and, moreover, that the Plan contains insufficient guidance for boroughs on the

likely scale of development that will be expected – for example, in safeguarding against local policies that set conservative densities or design parameters, such as building height, which could constrain an area’s growth potential. The Plan should therefore provide more specific guidance on these issues.

- Industrial land policy – the Plan promotes more efficient use of land through multi-storey or intensified industrial development in Strategic Industrial Locations (SILs) and Locally Significant Industrial Sites (LSIS) to enable land release for residential use whilst ensuring ‘no net loss’ of floorspace. We are concerned that this policy approach will constrain the ability to maximise the delivery of growth in OAs and along existing and proposed transport routes, such as Crossrail or Tube line extensions. The Plan should promote and incentivise additional industrial capacity, including identification of new industrial locations close to arterial transport routes, road, rail and waterways, through the use of land-use swaps or the release of low-grade, previously developed brownfield land, including in Green Belt locations through the local plan process, subject to a robust evidence base.
- Green Belt and Metropolitan Open Land – the Plan’s approach to Green Belt is not consistent with the National Planning Policy Framework and is restrictive for boroughs that may wish to review Green Belt boundaries through the development plan process. This reduces potential sources of land supply available to boroughs to achieve their housing and economic development targets. These policies should be amended to be in line with national policy.
- Sustainability, energy and environment – the Plan’s policy targets for air quality, urban greening and zero-carbon development are technically difficult to achieve and place considerable requirements on development – such that they unduly constrain viability and development delivery. These policies should include better definition and clarity on the overall environmental priority with regards to both costs and environmental performance.

We set out our recommendations for amendments to both strategic and detailed policies of the Plan which, in our view, will enable more development to be delivered. We would welcome the opportunity to work with the GLA to secure changes to the Plan’s draft policies prior to Examination in Public.

## **Structure of the London First response**

We welcome the opportunity to comment on this draft new London Plan. We have structured our response around key themes as follows:

### **1. Introduction and general comments**

### **2. Development viability and delivery**

In this section, we set out our views on the impact of the Plan's policies on development viability, including the conclusions of our assessment of the GLA London Plan Viability Study.

### **3. Planning policies central to delivering the Plan's strategic growth priorities**

In this section we provide our feedback on the Plan and examine specific key policy approaches that are fundamental to delivering the growth in homes and jobs that London needs. This includes changes to the key policies of the Plan on the issues set out in the executive summary including:

- density, design and tall buildings;
- industrial land policy; and
- Green Belt and Metropolitan Open Land.

The environment, sustainability and energy policies are dealt with in Section 7 of the response.

### **4. Spatial development policies**

We provide our response to the spatial development policies of the Plan such as the Central Activities Zone (CAZ), Opportunity Areas (OAs), town centres, key infrastructure, and transport projects.

### **5. Housing**

Building on London First's consultation response to the Mayor's draft Housing Strategy, we provide our comments on the housing chapter and relevant policies of the Plan.

### **6. Commercial Office and Business Space**

We provide a focus on policies E1, E2 and E3 of the Plan relating to commercial office development and low-cost and affordable workspace.

### **7. Environment, Sustainability and Energy**

Building on London First's consultation response to the Mayor's Environment Strategy, we provide our comments on Chapter 8 – Green Infrastructure and Natural Environment – and Chapter 9 – Sustainable Infrastructure.

### **8. Additional detailed comments**

This section includes comments on the remaining policies of the Plan.

## Section 1: Introduction and general comments

London First is a business membership organisation with the mission to make London the best city in the world in which to do business. We represent the capital's leading employers in key sectors such as financial and business services, property, transport, ICT, creative industries, hospitality and retail.

London First welcomes the publication of the Mayor's draft new London Plan ('the Plan'). We welcome the Plan's aim to address inequality and to make London a better city for everyone, economically, socially, and culturally. We support the principles of good growth including, inter alia, making the best use of London's land, delivering the homes that Londoners need, and growing a good economy.

This is the most ambitious London Plan to date in terms of the scope of its policies and targets. We welcome its focus on delivery, particularly the need for stakeholder collaboration to unlock sites and deliver development. We also welcome the revised approach to spatial growth, with the focus on existing and planned transport, Opportunity Areas (OAs), and growth corridors – this approach focuses growth on the areas with the most significant potential to accommodate new development.

We also welcome that this Plan has established a genuine link between the content of the other Mayoral strategies, notably Housing, Transport and Environment.

According to the Greater London Authority Act 1999, "the spatial development strategy must deal only with matters which are of strategic importance to Greater London", and in preparing or revising the strategy that there is a "need to ensure that the strategy is consistent with national policies". We note that at paragraph 0.0.20, the Plan states that that in some cases it "deviates from existing national policy and guidance". This approach is not consistent with national policy and should therefore be amended.

We recognise that this Plan is seeking to achieve significant change in the capital and contains more detail and prescription compared to the current Plan and its predecessors. However, we believe that in places the policies are overly prescriptive and engage with detailed issues that would be better dealt with by borough local plans – for example, on car parking. We comment on these policies in Section 8 of this response.

We set out our detailed response to the Plan in the subsequent sections of this report. However, we have some concerns regarding the ability of the Plan's policies and their collective level of ambition to be met. We have examined the evidence base supporting the Plan and undertaken an alternative viability appraisal.

The alternative viability appraisal demonstrates that the cost of achieving the Plan's policies have not been properly tested and, furthermore, that the methodology, values and assumptions on which the viability appraisal is based do not reflect the true variation in land values and commercial market areas in London.

Our evidence shows that the cumulative impact of the Plan's policy requirements render a significant proportion of the development types assessed commercially unviable, demonstrating that not all of the policy requirements can be satisfied on most schemes. We believe that the London Plan and its policies should be amended to include more flexible wording and should be implemented pragmatically.

In addition, we are concerned that the overarching policy approaches on issues of design and density, Green Belt, industrial land and sustainability and energy constrain

the Plan's ability to meet its strategic-growth objectives, principally with regard to the delivery of housing.

## **Section 2. Development viability**

We have carried out an assessment of the GLA's London Plan Viability Appraisal (LPVS) (2017) which was undertaken to support the London Plan. The full report is contained at Appendix 1 of this submission.

A viability assessment is required to ensure the deliverability of the Plan which is intended to run from 2019 to 2041. The principles and guidance to testing a plan are set out in the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) and sector developed guidance such as the Local Housing Delivery Group (LHDG) Viability Testing Local Plans and the RICS Financial Viability in Planning.

The LPVS, in addition to its central purposes, identifies a series of sub-objectives including: the cumulative viability impact of the draft Plan policies; a strategic understanding of market trends; to test the viability and deliverability of a range of sample sites across London; model various scenarios in relation to policy and trends; draw on expert evidence; and viability test residential, non-residential and mixed-use typologies.

The LPVS therefore tests c.32 case study typologies, which are stated to be hypothetical but considered by the LPVS to be representative of schemes likely to come forward during the Plan period.

A residual-based methodology has been applied, comparing the output from the GLA's Development Appraisal Toolkit (Toolkit) with lower-range base land values (BLV) across 5 residential Value Bands testing different affordable housing levels and tenure mixes; and for non-residential, 3 value bands. Sensitivity analysis in the LPVS for residential is confined to abnormal costs, grant- and medium- to higher- range BLVs. No sensitivity analysis has been undertaken for non-residential schemes. Growth has been applied to marginal residential typologies with no adjustment to the BLV. No downside viability testing has been undertaken.

Overall the LPVS finds that the case-study typologies are viable across the residential 5 Value Bands when tested at 35% and 50% AH and 3 non-residential Value Bands. Where typologies are not viable (at least initially), largely in Bands D and E, the LPVS considers that growth during the plan period will render many of the case study typologies viable. The LPVS points out, but does not quantify, that some schemes will inevitably need to progress through the viability-testing route envisaged by Policy, particularly in Bands D and E.

The draft Plan as well as being a strategic regional planning document for the greater London area also provides policies and guidance which are of a detailed level commensurate with that found in a Local Plan.

It must follow that the viability-evidence base for such a comprehensive plan should equate to a level of required detail in order to support the proposed policies and explanatory guidance in the draft Plan. The viability evidence base therefore needs to be at a relative (to policy) fine-grain level to support the policies and guidance that it underpins, having regard to guidance on area-wide viability testing.

The range of typologies identified fall short of being a comprehensive reflection of schemes likely to come forward over the lifetime of the Plan. Even the typologies formulated are limited in their characteristics and variants and therefore fall short of what should be expected in terms of the appropriate detail required for area-wide



viability testing across London. For example, there is no reference in the LPVS to over retail (operational) large store redevelopment; schemes above 750 residential units (except one mixed use typology); town centre redevelopment; or estate regeneration.

The 'banding' approach for both residential and non-residential case studies is neither justified, tested statistically or otherwise. A different banding reflecting the highly complex nature of the urban environment across London would likely have produced different results with consequential impacts upon policy.

Given the complexity of the Greater London area the LPVS does not adequately provide a methodologically sound and comprehensive evidence base for the draft Plan for the following reasons:

- The typologies selected do not reflect the diversity of development coming forward across the London Boroughs;
- Supporting evidence is limited, superficial and same case non-existent thereby not representative of the geographical spread of costs and values across the complex urban area of London;
- Development varies considerably both within and across London Boroughs in terms of massing, quality and timing of delivery; and
- It does not reflect the changing dynamics of the various submarkets (including the central activities zone) around London and different levels of growth experienced during the market cycle for both residential and non-residential.

Our report details a number of concerns regarding the value and cost inputs into the Toolkit as referred to in the LPVS.

The returns (profit allowance) adopted do not reflect the varying risks of development typologies across the greater London area. In many of the case study typologies the risk adjusted rate of return should be set at a higher rate.

The evidential base supporting the BLV's is wholly inadequate, as nearly 60% of Boroughs are not covered, including all of those central London Boroughs in Band A and Central. The LPVS is opaque in any event on how the evidence base has actually been translated and calculated to BLV's that have been adopted for viability testing. Notwithstanding this, the BLV's are wholly out of kilter with the market norm, thereby not providing a benchmark that is equivalent to the competitive return required by a willing seller of land. It is also noticeable that the BLV's for the non-residential testing of typologies are a significant underestimate particularly in the CAZ (Central).

The Toolkit itself is an inadequate model for viability testing anything other than relative small and straight forward schemes. This is in part due to its inability to properly cash flow development, as it lacks the detail to sufficiently deal with the complexities of the typologies identified as likely to come forward across London.

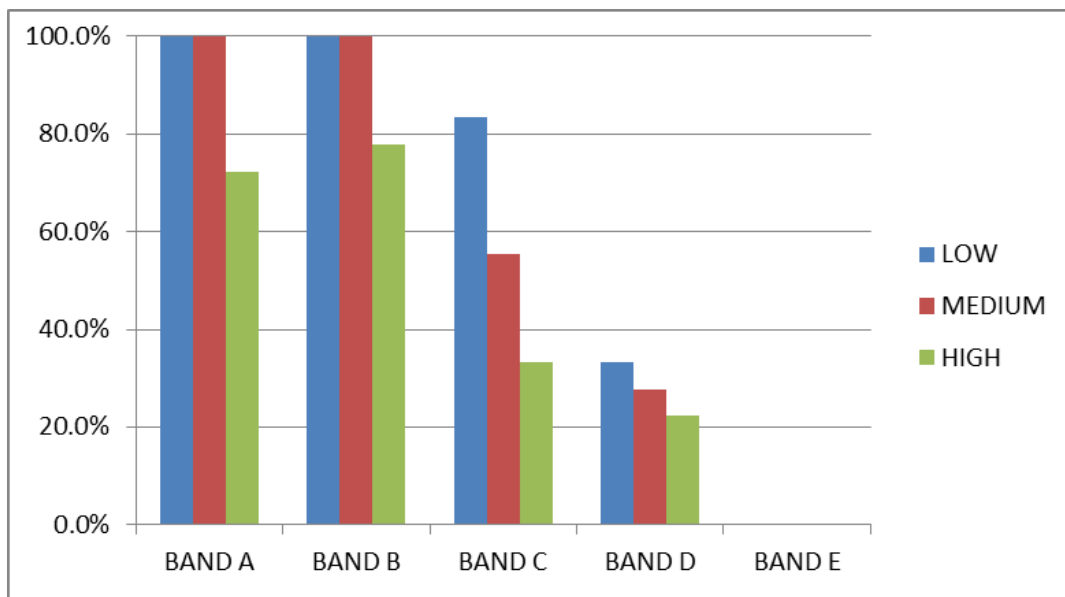
No formal sensitivity analysis has been undertaken in the LPVS in order to consider changes in cost and value movement (upside and downside) that are likely to be experienced during the Plan period through the market cycle.

Notwithstanding the general criticism of the LPVS approach, we have financially modelled the typologies used across the 5 residential Value Bands at the lower, medium and higher BLVs for different mixes of affordable housing levels as set

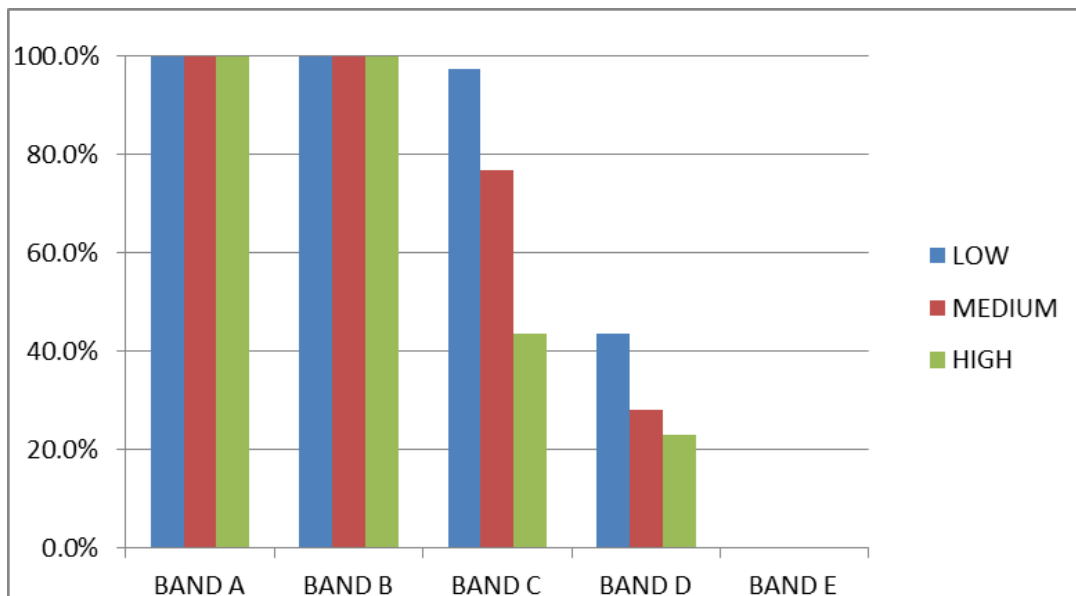
out in the LPVS. This model explicitly cash flows and reflects market practice. The same has also been done for the non-residential 3 value bands for each BLV. Each base appraisal is appended to the report.

For the residential typologies (12 in total), using the same inputs as the LPVS, the viability model produces the following results in overall terms:

53.7% of the schemes across the 5 Value Bands at high, medium and low BLVs are capable of viably achieving 50% affordable housing. A breakdown of this by Value Band and BLV is shown in the graph below (the vertical axis shows the percentage of schemes with 50% affordable housing that are viable for each BLV in each Band):



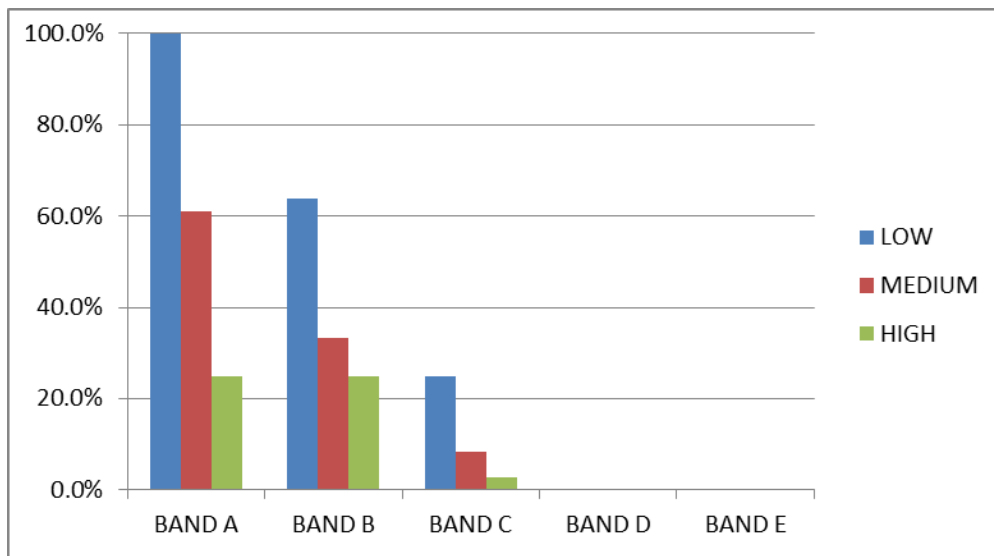
60.9% of the scheme across the 5 Value Bands at high, medium and low BLVs are capable of viably achieving 35% affordable housing. A breakdown of this by Value Band and BLV is shown in the graph below.



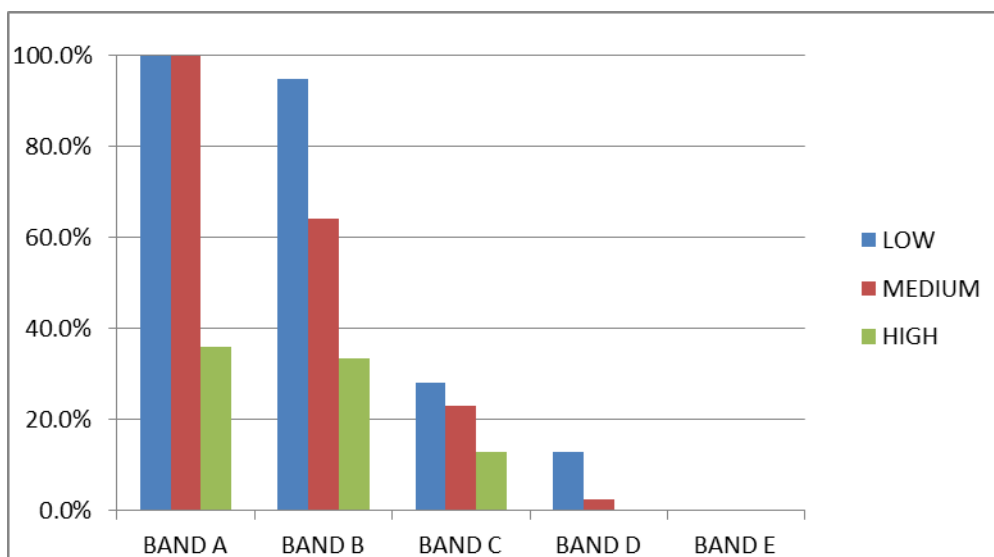
Having regard to the criticisms of the LPVS, we have then adjusted the model in respect of the adopted: affordable housing pricing (20% reduction); residential sales (5% reduction); residential rents (5% reduction); construction costs (5% increase); finance costs (1% increase); Abnormals (as per the LPVS); profit on GDV for rental schemes (at 15%) and BLV (up by 20%).

For the residential typologies (12 in total), using the adjusted inputs above, the viability model produces the following results in overall terms:

- 23% of the schemes across the 5 Value Bands at high, medium and low BLVs are capable of viably achieving 50% affordable housing. A breakdown of this by Value Band and BLV is shown in the graph below:

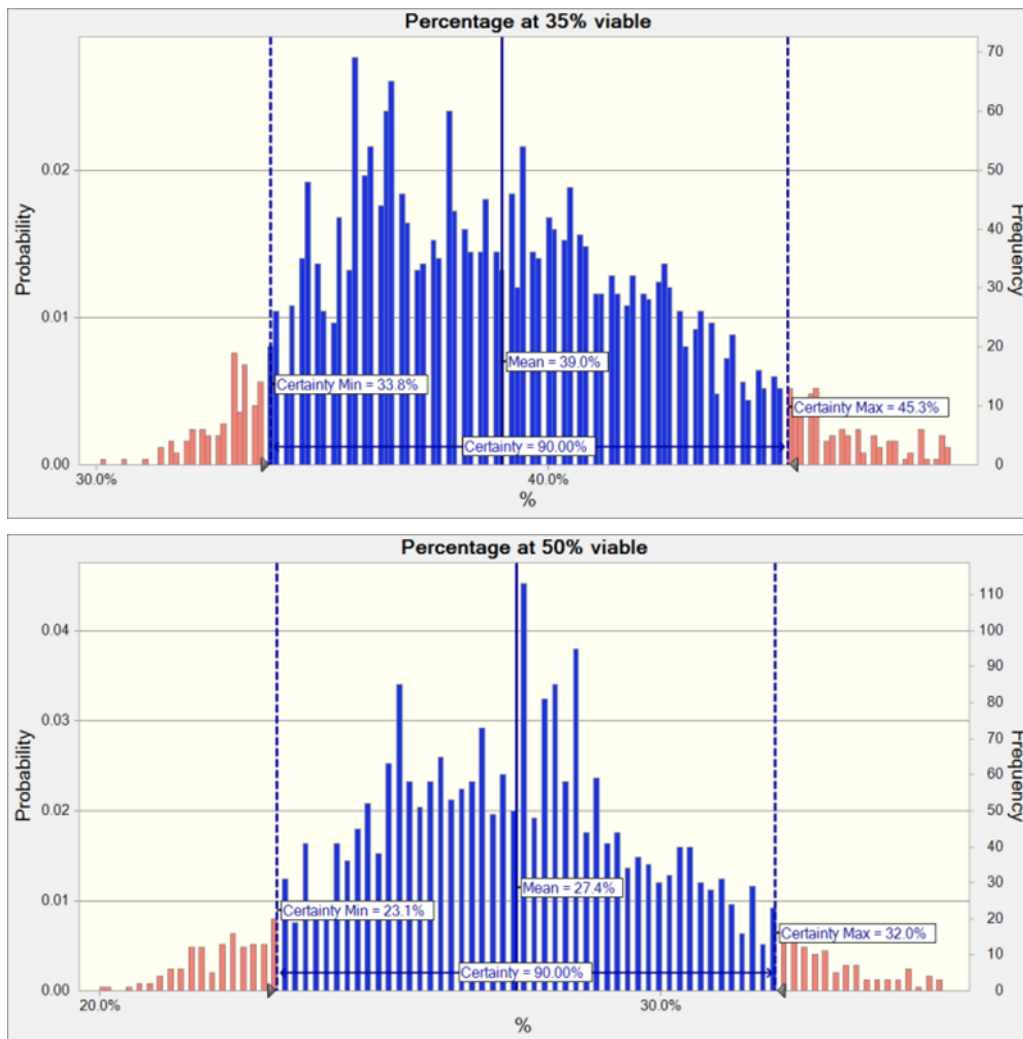


- 33.8% of the scheme across the 5 Value Bands at high, medium and low BLVs are capable of viably achieving 35% affordable housing. A breakdown of this by Value Band and BLV is shown in the graph below:



A sensitivity analysis using a simulation model confirms likelihood that over 60% of schemes will not meet 35% of affordable housing. Only just over half of the

schemes that do meet the 35% level may be capable of achieving 50% affordable housing as shown in the two charts below:



It follows from the above that by using firstly a bespoke financial cash-flow based model and secondly by making reasonable adjustments to the inputs, about two-thirds of the typologies tested would need to progress via the viability-testing route of the draft Plan, if they were to come forward as actual schemes, as they would not pass the 35% threshold, notwithstanding varying the BLV. Sensitivity testing confirms the likelihood of this, particularly having regard to the market cycle.

A similar exercise has been undertaken for the other residential, mixed use and non-residential. All show that the LPVS has significantly over-estimated the viability of each typology across respective Value Bands and BLV's. In particular, the Central Activities Zone (CAZ) largely represented by the Central Band has not been adequately tested to inform the cumulative impact of policy on such uses as office delivery. In addition, the inclusion of affordable workspace has not been demonstrated to be viable in the CAZ.

Our report clearly demonstrates the shortcomings in the LPVS evidence base supporting the draft Plan. In short, the LPVS does not satisfy the purpose for which it was produced to address, namely:

- it is not a robust evidence base to support the Plan;
- it does not provide a more detailed understanding of viability;
- it does not demonstrate the deliverability of sites across London;
- it does not as a consequence ensure the deliverability of the Plan from 2019 to 2041;
- it does not meet the principles of the NPPF in demonstrating that the cumulative effects of policy should not combine to render plans inviable; and
- it does not demonstrate that the scale of planning obligations and other policy burdens contained within the draft Plan would deliver viable development and provide competitive returns to a willing land owner and willing developer.

London First considers the LPVS and LPTR should be revised in conjunction with changes to policy and explanatory wording within the Plan.

### **Section 3. Planning policies central to delivering the Plan’s strategic growth priorities**

We strongly support the new housing target of 65k homes per annum for London; however, this represents a significant uplift from the current London Plan target of 42k homes and from the average levels of housing delivery in the capital which are at approximately 31k. The Plan also sets ambitious targets for commercial development. We believe that, as currently drafted, a number of its policy approaches on strategic issues will constrain London’s ability to meet its housing and economic development growth targets.

#### **Density and scale of growth**

With the removal of the density matrix and replacement with a design-led approach to development, the Plan places significant responsibility on boroughs to develop planning policies based on area-wide appraisals (policy D2) and design codes (policy H2) to set the appropriate density borough-wide and to define what constitutes a tall building and determine appropriate locations in the borough for them. The Plan is also heavily reliant on the design-review process to ensure that development densities are optimised, relative to context, accessibility to transport and the capacity of infrastructure. Many boroughs lack the skills, resource and experience to deliver design reviews, new planning policy, and create a new evidence base.

Whilst we support the removal of the density matrix, we believe that the London Plan’s draft policies do not provide enough safeguards to ensure that boroughs’ development plan policies and guidance do not set conservative densities or moreover direct taller buildings to only one specific geographic location instead of a range of locations such as town centres and transport hubs.

We would like to see greater detail on how the Mayor will intervene in the plan-making and decision-making process to ensure that borough-level policies and guidance deliver the level of growth the capital needs in the Implementation Chapter. In this respect, we believe that Policies D2 and D6 do not contain enough safeguards to ensure that boroughs do not set too conservatively low densities. In a similar vein, policy D8 does not ensure that boroughs will not take an overly conservative approach to building height that could constrain an area’s growth potential.

The Plan should:

- provide clear guidance to boroughs on the scale of growth that will be expected such as higher density development and tall buildings, particularly for town centres, transport nodes, growth corridors and OAs.
- confirm how the Mayor will work with boroughs to provide support and resources to enable them to prepare guidance and policy.
- confirm the particular circumstances where the Mayor will intervene in both the Plan and decision-making process to ensure that boroughs are delivering the right scale of growth e.g. not shying away from density.
- be clear as to how it will ensure that the increased use of design reviews does not result in an unduly or lengthy pre-application process.

## Policy D1 – London’s form and characteristics

Policy D1 conflicts with the Mayor’s agenda to ensure the best use of land. The requirement to ‘respond to local context’ and ‘respond successfully’ is likely to constrain development density. Part B (1) states that:

*Design should respond to ‘local context’ by delivering buildings and spaces that are positioned and of a scale, appearance and shape that respond successfully to the identity and character of the locality, including to existing and emerging street hierarchy, building types, forms and proportions*

Whilst new development should have regard to the local context, the policy as currently drafted will lead to development being constrained by surrounding building typology, scale, and height. If higher densities are to be realised across the capital, development should be allowed to challenge the existing context and set a new one in terms of scale, height, density, and design, provided that it is of a high-quality design.

It should be amended to read:

**B** *Development design should:*

1) *have regard to local context by delivering buildings and spaces that are positioned and of a scale, appearance and shape that responds successfully to the identity and character of the locality, including to existing and emerging street hierarchy, building types, forms and proportions. Development can also set its own context, provided that it is of a high-quality design.*

## Policy D2 Delivering good design

Parts A and B of this policy set a requirement for boroughs to undertake a detailed evaluation to determine the capacity for growth and the parameters for it to be delivered, including density including terms of scale, height, density, layout, and land uses. Boroughs will need the appropriate skills and the appropriate level of resource to undertake a detailed evidence base and to develop new planning policies. The Plan should set out in the supporting text of the policy – and confirm in Chapter 11 – how the Mayor will assist boroughs where they lack the skills and resource necessary.

To ensure that boroughs are delivering the right level of growth, the Plan should provide clearer guidance on the scale of growth-expected locations. Part B should be amended to set out the types of locations where taller buildings and higher densities should be expected, such as town centres, transport nodes, Strategic Areas for Regeneration (SARs), and OAs.

At Part C, we support the use of 3D visual and environmental-modelling techniques to enable good design and to optimise a site’s density and capacity.

Parts E, F and G on design scrutiny should contain safeguards to ensure that the design review will not result in unnecessarily lengthy debates around issues of detail, but should focus on key design principles, such as site layout, scale, site coverage, massing, uses etc. The GLA should produce guidance on the key principles that should be agreed through the design-review process for any scheme.

Whilst we support the principle of design reviews in the planning process, it is a matter for boroughs to determine the appropriate stage and type of application for which they should be used. The policy as currently drafted is too overly prescriptive, including the

requirement for all buildings over 30m in height, as this will mean that a very high proportion of applications will be subject to a design review. Part F currently reads:

*F Boroughs and applicants should use design review to assess and inform design options early in the planning process. Design review should be in addition to the borough's planning and urban design officers' assessment and pre-application advice. Development proposals referable to the Mayor must have undergone at least one design review early on in their preparation, before a planning application is made, if they:*

- 1) are above the applicable density indicated in Part C of Policy D6 Optimising housing density; or*
- 2) propose a building defined as a tall building by the borough (see Policy D8 Tall buildings), or that is more than 30m in height where there is no local tall building definition.*

It should be amended to read:

*F Boroughs and applicants should use design review to assess and inform design options early in the planning process. Design review should be in addition to the borough's planning and urban design officers' assessment and pre-application advice. Development proposals referable to the Mayor must have undergone at least one design review early on in their preparation.*

Notwithstanding our proposed amendments, should part 2 of the policy be retained, it should set a higher threshold for developments in the CAZ, such as 150m – the threshold at which applications are referable to the Mayor in the City of London. The 30m referral criterion, which applies in the remainder of the CAZ, is too low and would unnecessarily capture a broad swathe of development proposals. In Chapter 11 of the Plan and Chapter 3 on design, the Mayor should set out his commitment and explain how he will help boroughs in terms of skills and resourcing to deliver design reviews and prepare design codes and area-wide character appraisals.

#### Policy D6 Optimising housing density

We support the overarching aim of this policy, but it does not contain sufficient safeguards to ensure boroughs do not set too conservatively low densities. At the very least, Part A of policy D6 should be amended to set an expectation that higher-density development will be expected in town centres, transport nodes, and OAs.

The supporting text of the policy should also clarify how the Mayor will ensure that Boroughs set appropriate densities in their local-plan documents. As a guide, we would suggest that minimum densities could be set by the Mayor, particularly for growth corridors, SARs, and OAs: for example, the upper limit of the current density matrix could be the adopted as the minimum density.



At Part B, whilst we support the intent of the policy – to align new development to infrastructure capacity – we are concerned that part 3 could unduly constrain development delivery. Part 3 of the policy currently reads:

*Where there is currently insufficient capacity of existing infrastructure to support proposed densities (including the impact of cumulative development), boroughs should work with applicants and infrastructure providers to ensure that sufficient capacity will exist at the appropriate time. This may mean, in exceptional circumstances, that development is contingent on the provision of the necessary infrastructure and public transport services and that the development is phased accordingly.*

It should be amended to read:

*Where there is currently insufficient capacity of existing infrastructure to support proposed densities (including the impact of cumulative development), boroughs should work with applicants and infrastructure providers to ensure that sufficient capacity will exist at the appropriate time, **including making the most effective use of receipts from the Community Infrastructure Levy. Only in exceptional circumstances, should development be contingent on the provision of the necessary infrastructure and public transport services and in that exceptional circumstance the development should be phased accordingly.***

### Policy D8 Tall buildings

We support the intention of this policy to ensure that proposals for tall buildings are assessed robustly. However, as per our comments above, we are concerned that some boroughs may set policies on building height that are too conservative and that constrain optimised densities and, consequently, a given area's development potential. To safeguard against this, policy D8 should be amended to contain specific guidance to boroughs on appropriate locations for tall buildings, which should include town centres, transport nodes, SARs, and OAs. It should also set the benchmarks for what could constitute a tall building rather than leaving this to individual boroughs.

Part A of the policy currently reads:

*Based on local context, Development Plans should define what is considered a tall building, the height of which may vary in different parts of London.*

It should be amended to read:

*Development Plans should define tall buildings as those substantially taller than their surroundings.*

The supporting text of the policy should include reference to the threshold of 150m within the CAZ and 30m outside of the CAZ.

Part B of the policy currently reads:

***Tall building locations***

***B*** *Tall buildings should be part of a plan-led approach to changing or developing an area. Boroughs should identify on maps in Development Plans the locations where tall buildings will be an appropriate form of development in principle, and should indicate the general building heights that would be appropriate, taking account of:*

- 1) the visual, functional, environmental and cumulative impacts of tall buildings (set out in part C below)*
- 2) their potential contribution to new homes, economic growth and regeneration*
- 3) the public transport connectivity of different locations.*

It should be amended to read:

***Tall building locations***

***B*** *Tall buildings should be part of a plan-led approach to changing or developing an area. Tall buildings may be considered appropriate, in particular, in town centres, transport nodes, and Opportunity Areas. Boroughs should identify on maps in Development Plans the locations where tall buildings will be an appropriate form of development in principle, and should indicate the general building heights that would be appropriate, taking account of:*

- 1) the visual, functional, environmental and cumulative impacts of tall buildings (set out in part C below)*
- 2) their potential contribution to new homes, economic growth and regeneration*
- 3) the public transport connectivity of different locations.*

## **Industrial land policy**

In recent years, there has been an increase in demand for warehousing and logistics premises as a result of the change in consumer behaviour with more online spending and home deliveries. At the same time, London has incurred losses of industrial land that exceed the benchmark release figures anticipated in the current plan. Much of London's existing industrial land, particularly within SILs and LSIS, is based upon historic locations, next to London's waterways, train stations and rail lines which overlap with OAs and growth corridors, which are earmarked for the delivery of significant numbers of new homes. We recognise that ensuring that London has enough land for logistics and warehousing to meet the needs of residents and businesses and maximising the delivery of new homes, especially in highly accessible locations is a very delicate balance.

The Plan promotes a no net loss of floorspace approach to industrial land, including in OAs and areas with significant growth potential, such as along the Crossrail 1 and 2 routes and the Bakerloo Line extension etc. The Plan also promotes intensification of existing industrial land and more intensive use of existing industrial sites through more innovative approaches to industrial development, such as vertical stacking and multi-storey development. This approach seeks to achieve additional industrial capacity within Strategic Industrial Land (SIL) but also to release land capacity to enable housing and mixed-use development to be delivered.

Whilst we understand the driver for the 'no net loss' position, we are of the view that some losses of industrial capacity will be inevitable, particularly in OAs and growth locations if opportunities to deliver housing are to be maximised. We are very concerned that the 'no net loss' policy position will constrain London's growth potential and that it jeopardises the delivery of many OAs for which development proposals have already been prepared and which are predicated on the redevelopment of industrial land.

Multi-storey development will not work for all or, indeed, most sites and may not be financially viable in all circumstances – its success will depend on the availability/demand for and cost of alternative industrial space in the area. Additional work should be undertaken by the GLA on the practicalities of delivering this type of space and on assessing the locations where it might be most successful.

The Plan should not simply safeguard industrial land in all locations. Land should only be retained for industrial use in the right locations, reflecting the current and future – rather than historic – needs of London's economy, and should provide good access to transport. The Plan should acknowledge that some losses of industrial capacity may occur in order to maximise the growth potential of growth corridors, SARs, OAs and areas where there is planned investment in transport infrastructure. Co-location and intensification is not the panacea that will deliver this growth; the Plan should promote and incentivise additional industrial capacity in more than the handful of boroughs identified. It should also enable the identification of new industrial locations close to arterial transport routes, road, rail and waterways through the use of land-use swaps or through the release of low-grade, previously developed brownfield land, including in greenbelt locations through the local plan process, subject to a robust evidence base. For example, the work that the London Borough of Enfield are undertaking to create some new industrial locations with access to the M25 and M11 on low-grade, low-environmental-quality green belt and previously developed land. This move will

enable existing industrial land to be released for housing and mixed-use development along the proposed Crossrail 2 route.

Boroughs should be allowed to identify new industrial sites in appropriate locations, such as those near arterial routes, adjacent to rail, air and water interchanges, in and around town centres and appropriately sized logistics hubs within OAs. These new sites can then be used to rebalance against any losses of industrial capacity, enabling mixed-use development, including residential, to come forward.

The 50% threshold for SIL is not a realistic threshold that reflects the costs of delivering intensified industrial uses, or of including abnormal costs, such as site preparation and decontamination. This has been confirmed by our testing of the viability assessment. This will mean that most sites will need to go through the viability tested route. This threshold level may undermine the delivery of transformational change, particularly in OAs and growth locations.

We believe that the following changes to policy are necessary:

Policy E4 Land for industry, logistics and services to support London's economic function

Part C of the policy currently reads:

*C The retention and provision of industrial capacity across the three categories of industrial land set out in part B should be planned, monitored and managed, having regard to the industrial property market area and borough-level categorisations in Figure 6.1 and Table 6.2. This should ensure that in overall terms across London there is no net loss of industrial floorspace capacity (and operational yard space capacity) within designated SIL and LSIS. Any release of industrial land in order to manage issues of long-term vacancy ...*

It should be amended to read:

*C The retention and provision of industrial capacity across the three categories of industrial land set out in part B should be planned, monitored and managed, having regard to the industrial property market area and borough-level categorisations in Figure 6.1 and Table 6.2. This should ensure that in overall terms across London there is no net loss of industrial floorspace capacity (and operational yard space capacity) within designated SIL and LSIS. **The allocation of new industrial sites identified through in borough development plans, justified by robust evidence and the use of land-use swaps to maintain the supply of industrial land will be supported.** Any release of industrial land in order to manage issues of long-term vacancy ....*

## Policy E5 Strategic Industrial Locations (SIL)

We agree that SILs should be proactively managed through the development plan process and the policy's provisions to make more efficient use of land in SILs. Many SILs overlap with OAs and identified growth corridors, including major infrastructure investment projects, such as Crossrail 2 and the Bakerloo Line extension. We do not believe that the intensification of existing uses within SIL will deliver sufficient capacity to meet the wider growth potential of such locations. Policy E5 should enable boroughs to identify new SIL through the development plan process, to enable the release of land within SILs that have significant potential to deliver new housing, within specifically identified OAs and growth corridors. Part B of the policy should include an additional point (4) which states that:

***B** Boroughs, in their Development Plans, should:*

*(4) allocate new industrial sites to provide additional capacity including where this will enable the release of land for housing in defined opportunity areas and growth locations*

## Policy E7: Intensification, co-location and substitution of land for industry, logistics and services to support London's economic function

In respect of intensification and co-location, we welcome the overarching principle of the policy – to encourage more efficient use of land in employment areas to enable land release for uses. The intensification of use of existing industrial and logistics sites is dependent on multi-storey industrial development or the inclusion of mezzanine floors and basements. Whilst we welcome the encouragement of innovation in industrial and logistics development, and multi-storey development in particular, we are concerned that the policy's principles are as yet untested in London both from a development and an occupier/operator perspective, and are unlikely to be achievable on all sites for various reasons such as development viability, site size and layout, and development constraints. The GLA should undertake more work on these issues and clarify before the Examination in Public how and where intensified industrial uses can be viably delivered.

The Plan should allow boroughs to identify new industrial sites in appropriate locations such as near arterial routes, adjacent to rail, air and water interchanges, in and around town centres and appropriately sized logistics hubs within OAs. In some circumstances, it may be appropriate to use land-use swaps or bottom-up reviews to release low-grade, previously developed brownfield land, including Green Belt locations, through the local plan process, subject to a robust evidence base. These new sites can then be used to rebalance against any losses of industrial capacity to enable mixed use development including residential to come forward.

### **Green Belt and Metropolitan Open Land**

It is unrealistic to think that current land supply is sufficient to meet the capital's housing target; the London Plan should not, therefore, rule out reviewing London's Green Belt. The Mayor should work with the boroughs to review their Green Belt and

to consider how the land within it that is close to existing or future transport nodes and that is of poor environmental or civic value could better serve London's needs by supporting sustainable, high-quality, well-designed residential development that incorporates truly accessible green space.

Where boroughs wish to review their Green Belt boundaries and may wish to de-designate Green Belt and designate it for an alternative use, they should be allowed to do so. They will be subject to the statutory requirements to provide a robust evidence base and justify any changes to Green Belt policy through the local plan examination process. Borough-led Green Belt reviews may enable industrial land in highly accessible locations to be relocated to locations with good connections to the arterial road network. This may release industrial capacity in locations served by existing or planned transport, such as CR2 or the Bakerloo Line Extension for high-density housing and mixed-use development.

At the very least, draft policy G2 should be amended so that it is consistent with the National Planning Policy Framework.

The draft policy currently reads:

**A** *The Green Belt should be protected from inappropriate development:*

- 1) *development proposals that would harm the Green Belt should be refused*
- 2) *the enhancement of the Green Belt to provide appropriate multifunctional uses for Londoners should be supported.*

**B** *The extension of the Green Belt will be supported, where appropriate. Its de-designation will not.*

It should be amended to read:

**A** *The Green Belt should be protected from inappropriate development:*

- 1) *development proposals that would harm the Green Belt should be refused other than in very special circumstances.*
- 2) *the enhancement of the Green Belt to provide appropriate multifunctional uses for Londoners should be supported where it does not conflict with the purposes of the Green Belt (or where there are very special circumstances for doing so).*

**B** *The extension of the Green Belt will be supported, where appropriate as part of an evidence-based review. Its de-designation will not, other than in exceptional circumstances.*

In the same vein, policy G3 on MOL should be amended. It currently reads:

**A** *Metropolitan Open Land (MOL) should be protected from inappropriate*

*development:*

*1) development proposals that would harm MOL should be refused*

It should be amended to read:

*A Metropolitan Open Land (MOL) should be protected from inappropriate development:*

*1) development proposals that would harm MOL should be refused other than in exceptional circumstances or where that development provides the types of leisure, recreation, sport, arts or cultural facilities envisaged by policy G3*

## Section 4. Spatial development policies

### Figure 2.1 and General Approach to growth

We agree with the Plan's approach to focus growth on major investment in infrastructure projects, but more detail should be provided as to how these major infrastructures will be financed and delivered. We welcome recognition at paragraph 2.1.6 that OAs should not be planned in isolation. The Plan assumes that major transport projects, such as Crossrail 2 and the Bakerloo Line extension, will go ahead as proposed; while we agree that it is prudent to plan for growth associated with these major transport infrastructure projects, funding has not yet been confirmed and further, the anticipated timescales for delivery of these projects could be delayed. The Plan should also clarify whether housing and jobs targets for OAs are predicated on the delivery of these infrastructure projects.

The Plan should acknowledge that such delays might occur or the risk that these projects might not happen and provide an alternative plan for these scenarios.

### Policy SD1 Opportunity Areas

We welcome the identification of new OAs in the plan which will contribute to London's capacity to deliver new homes and jobs.

We welcome the Mayor's revised approach to OAs: the commitment to provide support and leadership to ensure that OAs deliver their growth potential and to intervene, where required, to accelerate and realise this growth potential (para 2.13). However, in Chapter 2 (spatial development patterns) and Chapter 11 (Funding the London Plan) the Plan should be more specific about how the Mayor will work with boroughs to ensure that the necessary steps are taken to ensure the delivery of growth and regeneration in OAs. For example, it should explain the structures or mechanisms the Mayor will use to monitor and assist OA progress, such as the growth board; it should also provide details as to how the Mayor will enable infrastructure delivery through the regulatory regime, and under which circumstances land assembly and compulsory purchase powers will be used.

We welcome recognition at para 2.1.4 and policy S1 A(1)(d) that the level of planning guidance within Opportunity Area Planning Frameworks (OAPFs) will vary depending on the individual circumstances and needs of a particular OA. We agree that these guidance documents should be prepared in a timely manner; there have been several OAPFs that have been adopted after much of the OA has already been the subject of planning permissions. Whilst some OAs require more detailed guidance – for example, where the ownerships may be more fragmented – others may not require the same level of detail, but could form a set of agreed development principles, such as type and scale of use, layout, infrastructure requirements etc. We believe that more time should be spent on delivery than on preparing detailed guidance documents that are rendered unnecessary if planning permissions already exist.

Figure 2.2 OAPF process diagram sets out a colour-coded system that identifies the relevant level of progress of OAs, including the area's development potential, level of infrastructure investment required, and the estimated time to delivery. We understand this is based on an assessment undertaken by the GLA, but this is not provided as part of the evidence base that supports the Plan. As these assumptions on OA delivery



are fundamental to the delivery of new homes and jobs in the capital, we request that the evidence base on the progress of OAs is made available as soon as possible.

#### Policy SD2: Collaboration in the Wider South East and Policy SD3 Growth Locations in the wider South East and Beyond

We welcome these policies and believe that they represent an improvement on previous plans in terms of the level of discussion that is taking place with Councils in the Wider South East (WSE). However, the Plan lacks sufficient detail on the type and scale of growth that will be accommodated by the WSE councils associated with each of the key infrastructure projects (identified at figure 2.15). The Plan should also confirm if WSE boroughs are to benefit from extension to major transport infrastructure projects, how they will be delivered, how they will contribute towards their financing and funding.

We acknowledge that these discussions may still be ongoing between the Mayor and the WSE; however, the Plan should provide more detail on:

- Key milestones dates for these discussions;
- The type and range of issues to be agreed;
- How the agreed issues will be publicised and communicated e.g. whether there will be any consultation on the memoranda of understanding or partnership agreements (para 2.3.8);
- How these agreed issues (and any arising actions) will be embedded in policy e.g. how they will relate to the London Plan and WSE council development plans and how they will be delivered.

It may be relevant for this information to be set out in Chapter 11 of the Plan.

#### Policy SD4: The Central Activities Zone

The policy should specifically recognise the strategic importance of the continued health and success of the CAZ and encourage, rather than restrain, its development.

In particular, the West End generates £51billion annual GVA, representing 15% of London's economic output and 3% of the country's. It is home to a series of distinct and vibrant activities and attracted 31.5m international and UK visitors to London in 2015, spending £11billion in the West End.

Policy SD4 should specifically acknowledge the Mayor's and Westminster City Council's proposals to transform the Oxford Street district and should provide a supportive policy context to enable the area's growth potential to be realised. This should include recognition of the need for a more flexible approach to retail and town centre uses. We support the response from the London Property Alliance in respect of the CAZ and West End.

We welcome part M of this policy that requires capacity for industrial and logistics to be identified and protected. However, this policy should go further to require boroughs and stakeholders to identify the scope for publicly owned land to provide business space for last mile distribution/urban logistics, freight consolidation, and other industrial and logistics uses. This policy should also cross refer to the need to meet the needs of the transport and environmental policies of the Plan, including the achievement of lower emissions and improved air quality, and reducing congestion

Whilst the Plan at para 2.4.11 acknowledges the rise of multi-channel retailing in the capital, it does not recognise that consumers visiting the CAZ and the West End are often pursuing a more experiential visit than simply a shopping trip. A good example of this is the Adidas store on Oxford Street, which contains a sports studio as well as a juice bar so that visitors can take a class and refreshment in addition to shopping within the store. The London Plan should recognise that as retailing becomes more experience-based, there is a need for a more flexible and permissive approach to change of use that allows these new format stores that may be less traditional A1 retail but more a sui generis use.

#### Policy SD5 Offices, other strategic functions and residential development in the CAZ

We welcome the addition of policy SD5, which brings the CAZ SPG (2015) guidance into policy. We welcome the new approach to the mixed-use policy SD5 (g) and the use of land-use swaps and credits and off-site contributions for affordable housing SD5 (i).

#### Policy SD6: Town Centres, SD7: Town Centre Network and SD9 Town Centres: local partnerships and implementation

We welcome the Plan's recognition of the important role of town centres as primary locations for commercial activity beyond the CAZ and as contributors to the local and London-wide economy. We also welcome recognition of the role that town centres can play in increasing housing delivery. The accessibility of town centres to amenities, such as retail, leisure, social, cultural and transport infrastructure, means that they are appropriate locations for higher-density development as recognised by part C of the policy. However, the policy should go further to identify that town centres are suitable locations for tall buildings.

We welcome the requirement in policy SD9 for each town centre to have its own strategy. However, we believe the Plan's policies and supporting text should go further to encourage boroughs to move away from local retail frontage policies that set minimum thresholds for A1 retail frontages (and therefore restrict non A1 retail or other town centre uses) within a shopping street. The Plan should contain policy guidance that encourages a wider scope of uses within town centres – such as leisure, food and drink, commercial, cultural and civic – that would maintain a vibrant high street. Whilst this is implied within the policy, it is not specifically stated.

#### Policy E9: Retail, markets and hot food takeaways

Whilst we support the intent of part C and D of this policy to seek to improve the health of Londoners, this policy is not practical, reasonable or enforceable (part D) and does not address its own aims. Restricting additional hot food takeaways will not remove potential sources of unhealthy food from schoolchildren: unhealthy food – either hot or cold – is readily available in convenience or retail stores. This policy is also overly prescriptive for a strategic policy.

We do not agree with part E of this policy that encourages developments over 2,500 sq.m of retail floorspace to include the provision of small and affordable retail units where there is evidence of local need. There is no evidence base to support this policy

requirement. Similar to our response to policy E3 on affordable workspace, the policy requirement could unfairly disadvantage some businesses within the town centre compared to others by subsidising rents.

## Section 5: Housing

We strongly support the Mayor's commitment to increase housebuilding and recognise the ambition of the Plan, which represents a step change in development compared to its predecessors. We have set out earlier in this response our concerns on the deliverability of the Plan and the cumulative impact of the Plan's policies on development viability. Unless the Plan is amended, it is unlikely to deliver the homes that London needs. There is a need for more flexibility within the Plan's policies. We have set out some specific comments below that would help to achieve this flexibility, along with other suggested changes to the Housing chapter.

### Policy H1: Increasing Supply

The Plan sets an ambitious target of 65,000 homes per annum compared to the current Plan's target of 49,000. Since 2004, an average of 31,125 homes have been delivered per annum, comprising around 26,000 new-build conventional homes and 2,800 non-conventional homes, and the remainder being vacant stock brought back into use

While we welcome the ambitious targets of the Plan, as set out in our comments under Section 3. Policies central to delivering the Plan's strategic growth, we are concerned that the Plan places significant responsibility on boroughs to set appropriate densities in their local areas and determine locations for tall buildings within their local plans. If we are to meet housing targets, the Mayor should provide the clarity we have asked for with regard to design and density policies.

The Plan misses an opportunity to look at maximising London's roof space. This could release a minimum of 3,600 acres of new land for new homes, both affordable and market, according to research commissioned by Apex Airspace and submitted with their response. If the Plan is serious about densification then this should also be considered as an option.

We support the approach of optimising suitable and available brownfield sites for housing. However, the supply of brownfield land in the capital alone is unlikely to be sufficient to meet the Plan's housing targets. As set out earlier in our response, the Plan's approach to industrial land and Green Belt will constrain London's ability to maximise opportunities for growth in key locations, such as Opportunity Areas, and where there is significant planned investment in infrastructure, such as Crossrail 2 and the Bakerloo Line extension.

Boroughs should be able to review their Green Belt through the local plan review process, subject to robust evidence, and consider how the land within it that is close to existing or future transport nodes and that is of poor environmental or civic value could better serve London's needs by supporting sustainable, high-quality, well-designed residential development that incorporates truly accessible green space.

Part F encourages the redevelopment of single-use, low-density retail and leisure parks to provide a mix of uses, including housing. We support the intention of this policy to make the most sustainable use of land. However, this policy on mixed-use development must acknowledge the impact of lease arrangements and the need for some businesses to remain operational for financial reasons during redevelopment. The policy should also acknowledge the 'agent of change' principle and apply this to

existing businesses and uses on the site, so that the inclusion of residential will not be a constraint on operational requirements, such as deliveries or hours of operation.

Part F of the policy should be amended as follows:

*On sites that are allocated for residential and mixed-use development there is a general presumption against single use low-density retail and leisure parks. These developments should be designed to provide a mix of uses including housing on the same site in order to make the best use of land available for development, **taking account of operational needs of business. The agent of change principle should apply to new residential uses where existing business remain operational.***

### Policy H2: Small Sites

The approach to small sites is positive and will help support a broader mix of house builder in the capital. Small sites can add to overall supply and – compared to larger schemes – be developed relatively quickly. However, given that small sites are generally located in residential areas, they can be quite complex and locally contentious, causing delays and uncertainty for developers. Therefore, it is hard to see how the target to double the number of homes on small sites can be delivered through the policies set out in the Plan.

With the Plan also setting out a housing target of 38% to be delivered on small sites, and with 24% of the small-site target to be delivered in outer London, we would recommend that the Mayor also look to other sources of land, such as Green Belt or changes of use, if he is to deliver the homes London needs.

Part B (1) is a positive policy change that recognises that local areas do not remain static and that residential density should respond appropriately.

The Plan (part D) should provide more details on how the presumption in favour of small sites will be enforced, since the Mayor is only involved in planning applications over 150 homes.

With regard to para 4.2.8, small sites could benefit from precision-build manufactured homes, especially when they are close to surrounding buildings. We would like to see the Plan reflect this at 4.2.2 with the following amendment:

*Providing opportunities for **precision-built manufactured homes**, custom-build housing and community-led housing projects.*

### Policy H4: Meanwhile Use

We support the principle of policy H4 on meanwhile use as a mechanism for making the best use of land that is not yet ready for development. However, it is important that the temporary nature of the meanwhile housing use is communicated to residents of the development and the existing surrounding community. This should be reflected in the supporting text of the policy. While the policy encourages the identification of opportunities for meanwhile use of sites for housing, the supporting text in para 4.4.1 should be clearer that not all sites will be suitable for meanwhile housing and that it is not a blanket policy approach.

### Policy H5: Delivering Affordable Homes

The lack of affordable housebuilding in London is part of the wider failure to meet London's housing target. The Mayor must continue to prioritise delivery of all forms of housing, including affordable housing. There should be greater flexibility in the Plan's policies on affordable housing to ensure that both that total supply of all homes and specifically affordable housing is increased (see H.6 for suggestions).

We welcome the approach to payments in lieu set out in 4.5.10. Boroughs should not be able to take payments from developers and then not use the money. When spending the money, boroughs should only be able spend it on purposes connected to building new homes.

We also believe that that land-use swaps and affordable housing credits may also be constructively used to meet affordable housing policy. The current system delays the delivery of Affordable Housing until a 'need' is generated by the construction of private housing or other affordable housing generating use. An Affordable Housing (AH) Credit system would enable sites that have been identified for affordable housing to be delivered as soon as possible, with the units created subsequently offset against a scheme that generates an AH requirement. We believe this would be a very positive addition for Policy H5 to promote, rather than discourage, such AH Credit schemes as it would help enable the early delivery of affordable housing in London.

### Policy H6: Threshold Approach to Applications

The current approach set out on H6 does not distinguish between different forms of development and essentially applies an approach that is suitable for outright sale, without acknowledging other models of housing delivery, such as Build to Rent or purpose-built student accommodation.

On Part B (2), we have undertaken a full assessment of the viability appraisal of the London Plan. This has demonstrated that the 50% affordable housing level is not viable on industrial land.

H6.B states that 'the 35 per cent threshold will be reviewed in 2021 and if appropriate increased through Supplementary Planning Guidance'. Any review of the part B should be through a further revision to the London Plan and not through the Supplementary Planning Guidance.

The 35% threshold will be more difficult to achieve in some boroughs than others and the Mayor should recognise this. Part C should be amended to support more schemes using the 'fast track route'.

In respect of the changes to Part C (2), the higher the proportion of social rent housing required, particularly where residential values are low, the more difficult it will be to achieve 35% or more affordable housing. This reinforces the need for both GLA and borough discretion with regard to tenure mix, if variation from this will enable 35% to be delivered on site. The policy should be amended to enable this.

We recommend the following changes:

*C To follow the Fast Track Route of the threshold approach, applications must meet all the following criteria:*

- 1) *meet or exceed the relevant threshold level of affordable housing on site without public subsidy*
- 2) *be broadly consistent with the relevant tenure split (Policy H7 Affordable housing tenure)*
- 3) *in so far as possible satisfy other relevant policy requirements and obligations to the satisfaction of the borough and the Mayor where relevant with regard to the overall benefits of the development proposals;*
- 4) *demonstrate that they have taken account of the strategic 50% target in Policy H5 Delivering affordable housing and have sought grant where required to increase the level of affordable housing beyond 35%.*

In respect of the changes to Part C (3): In order to support developers to meet this demanding target the Mayor and local authorities should actively seek to minimise the demands of 'all other relevant policy requirements and obligations'. This is a potentially hugely onerous demand on what is intended to be a clearer, simplified route to delivery.

In respect of Parts G and H of the policy on Section 73 applications and deeds of variation the Mayor cannot use policy to alter the provisions of legislation that sets out the scope of the Mayor's involvement in planning applications.

We welcome the approach set out by the Mayor in paragraph 4.6.5 whereby a portfolio approach to delivering the 50% affordable housing target on public sector land can be used through agreement with the Mayor

We request clarification on 4.6.13 with regard to OAs and a localised affordable housing threshold. We are in favour of the principle but the way that the paragraph is drafted at the moment appears to increase the 35% affordable threshold across OAs. This approach will provide less certainty to developers and landowners and not meet the stated aims. If 4.16.3 is introducing a more localised approach in OAs, then boroughs should have the flexibility to adapt the affordable percentage and tenure mix according to the particular circumstances of the OA. This includes, where justified, a reduction in the affordable housing percentage from 35 percent and a different tenure mix from the standard threshold approach.

There also needs to be a transition period to allow for sites purchased prior to the adoption of the GLA Affordable Housing and Viability SPG 2017 that will not be viable or deliverable at the threshold level.

#### Policy H7: Affordable Housing Tenure

Paragraph 4.7.2 is too prescriptive. The wording emphasising that the 40% of affordable housing (of the 35% being delivered through the fast track process) should focus on Social Rent/London Affordable Rent should be removed, with boroughs allowed to determine their own approach through their development plans.

We welcome policy 4.7.10 in terms of setting a three-month eligibility criteria for boroughs. This will benefit all Londoners seeking intermediate housing.

### Policy H8: Monitoring of Affordable Housing

As set out in response to H.5, we welcome the Mayor taking a more robust approach to payments in lieu; policies B and D will help ensure that more affordable homes are built.

### Policy H10: Redevelopment of existing housing and estate regeneration

In January 2017, London First published *Estate Regeneration: More and Better Homes for London*. The report outlines that the challenge for London is to get more of these typically long and complex estate regeneration schemes to happen, and to improve the quality of life for residents, while also ensuring that such schemes are playing their part in a much broader effort that is required to increase housebuilding. Set within this context, policy H10 C, requiring affordable housing to be replaced on an equivalent basis and for the delivery of additional affordable housing to be maximised, is likely to pose significant challenges to some schemes.

The circumstance of every scheme will vary, but it is often the case that estate regeneration is only marginally viable. The blanket application of H10 C may therefore prevent some schemes – and the economic and social benefit they bring with them – from coming forward. Unintentionally, it could also mean that the homes that are provided in these schemes are at either end of the price range – low and high – but are not in the middle, where there is significant demand. H10 and the supporting text should provide greater support for the use of higher densities to help fund the delivery of such schemes.

Furthermore, H10 C and the supporting text should also reflect the fact that any replacement or new affordable homes will be of higher quality compared to those they are replacing. Clearly the tenure of the new home built is important, but the quality and wider benefits to residents of a new home – better insulation and the potential for cheaper energy bills, for example – are important, too.

Paragraph 4.10.2, focusing on the aims of estate regeneration, should include an additional category as follows: ‘where circumstances justify this approach, the construction of new high-quality homes.’

### Policy H13: Build to Rent (BTR)

We welcome the introduction of the first comprehensive London Plan policy on Build to Rent (BTR). This is an emerging market that can provide high-quality homes and offer tenants professional service and management.

Essential to this growth is an understanding on the part of boroughs about what BTR is and why it is relevant to their local housing needs. In September 2017, we jointly produced a report with London Councils and Turley (Everything you need to know about Build to Rent, London Councils, London First, Turley: September 2017) aimed at councillors and officers, explaining the benefits of BTR. After the local elections in May 2018, we will be organising tours to BTR developments for the same audience.



In addition to changing policy and guidance, the Mayor should consider what else he can do to provide a better understanding of BTR. We would be happy to work in partnership with the GLA on a broader education programme, for example.

As the BTR policy in the Affordable Housing and Viability Supplementary Planning Guidance is transitioned into the London Plan, a balance must be struck between providing certainty on the quantum of affordable housing that is being asked for and the level of the discount these homes have to market rent. A high quantum of affordable housing, for example, is likely to mean that the level of discount to market rent will not be as high compared to a scenario where the quantum of affordable housing is lower, and Grainger have submitted evidence in their response to indicate this.

We welcome that affordable housing (Policy H13 A) in BTR schemes can be solely Discount Market Rent (DMR). While the policy expresses a preference for such homes to be set at London Living Rent (LLS) level, and requires 30% of the 35% of affordable homes to be set at LLR (Policy H13 C), it would be more suitable to allow applicants and boroughs to determine the most appropriate DMR rental levels on the basis of both local need and the viability of the scheme. We are aware that some local authorities have sought social rent equivalent, rather than London living rents / products affordable on £60,000-£90,000 income bands. If local authorities seek social rent, this will inevitably have a significant impact upon the percentage of overall affordable homes when the economics of build to rent are considered.

In an immature market with few real BTR schemes having been developed, the data that is currently available to justify the 35% threshold is not robust enough. While the threshold is an option rather than a requirement, it will undeniably set a political expectation in London, but it is not one at this stage that is supported by sufficient data. This could jeopardise the growth of the sector which in turn will reduce its obvious potential in helping to increase housing supply in London.

#### Policy H17: Purpose-built student accommodation

We have several concerns with policy H17 and the supporting text. Existing purpose-built student accommodation (PBSA) policy was only adopted two years ago in the Further Alterations to the London Plan and has not been tested to a significant extent as to its practicality and impact on development. Suggested alterations are listed below.

H17 A1: We are concerned that this policy will be used by boroughs to demand that PBSA built in their area should be linked to a Higher Education Institutions (HEIs) in their area. This will reduce choice for students in general and make it harder for central London institutions to accommodate their students. It should be removed.

H17 A2: We support PBSA being secured for students.

H17 A3: This policy is too restrictive and should be removed. Its inclusion effectively ends the current model of direct let PBSA by requiring such accommodation to secure occupation agreements with higher HEIs. It is anti-competitive, forcing direct-let private sector developers into agreements that some may not want to enter or, at the very least, unfair negotiating terms with HEIs, knowing that their occupation agreement is required for a scheme to proceed.

This policy does not reflect how higher education delivery is evolving in London. While large London universities remain the main provider, growth is coming from teaching and research establishments that are smaller, often subsidiaries of universities from elsewhere in the UK or prestigious organisations abroad.

Equally, the establishments at which students are studying are far more diverse than is perhaps perceived. Postgraduates for example, may be studying at an institution anywhere in the world, but come to London for a period of weeks or months to complete a specific piece of research. PBSA is excellent at catering for their needs.

The proposed new policy may work for large academic institutions in London, which are able to offer links to private providers. For the many smaller academic institutions, however, they will not be able to establish such links and therefore their students will struggle to access the PBSA market. We do not think that is the right direction for policy. Students should be able to choose the course that best suits their needs, devoid of any consideration as to whether they will be able to access accommodation or not.

Finally, HEIs offer accommodation to first-year students and those from overseas. This policy would mean that second-year and third-year students will need to seek accommodation in House of Multiple Occupation, regardless of levels of affordability.

H17 A4: We are concerned about the evidence to justify the requirement for PSBA to provide 35% of bedrooms at affordable income levels. Student accommodation is demonstrably different from market-sale housing and applying the same approach to affordable housing across all types of accommodation is too simplistic. We are aware of evidence submitted by Unite Students which highlights significant concerns with the viability assumptions underpinning the 35% policy. While it may be legitimate to seek some form of affordable accommodation, the current approach is likely to constrain supply and increase the cost of student accommodation for all students. The 35% requirement should be removed with applicants making an affordable contribution based on the schemes viability.

H17 B: This policy should be reworded to reduce the emphasis on developing student accommodation outside of existing concentrations in central London. While we agree that the dispersal of student accommodation should take place, it will only happen on a significant scale if HEIs develop campuses outside of central London. The policy should not therefore penalise student accommodation providers from building in the obvious location for its market. Furthermore, the policy contradicts Policy H17 A which seeks to ensure boroughs take account of both local and strategic need.

Paragraph 4.17.1: We welcome the inclusion of this supporting text which highlights the importance of PBSA to maintaining London's world-class higher education sector and the inclusion of such development to meeting London's overall housing need. This makes the introduction of H17 A3 even more concerning. Paragraph 4.17.1 should also reference that PBSA has a broader benefit to London's housing market by providing students with bespoke accommodation that matches their needs and moving them away from houses of multiple occupation.

Paragraph 4.17.3: The inclusion of the word 'local' (as below) should be removed. Its inclusion is confusing and contradicts the last sentence in the paragraph which says that there is no requirement for the HEI to be in the borough.

*To demonstrate that there is a ~~local~~ need for a new PBSA development and ensure the accommodation will be supporting London's higher education institutions, the student accommodation must either be operated directly by*

*a higher education institutions or the development must have an undertaking in place....*

Paragraph 4.17.7: This paragraph makes no mention in terms of the income a student could earn of part-time paid work student could earn. Some allowance for this should be made in the calculation of what an affordable living cost is.

Paragraph 4.17.12: We welcome the acknowledgement of the need for the temporary use of PBSA during vacation periods of ancillary uses.

### Policy H18: Shared living

We welcome the addition of this new policy on shared living in recognising this as a form of housing that can contribute to meeting London's housing needs. However, there are a few elements that require additional clarity as follows.

The requirement for shared living proposals to 'meet an identified need' is ambiguous. Specific requirements as to what must be fulfilled to pass these requirements would help to increase the efficiency of this part of the process to allow us to start building shared-living homes for Londoners. Furthermore, the start of H18A should be amended as follows:

*Large-scale purpose-built shared living Sui Generis use developments, where of good quality and design does have a role in meeting housing need in London if, at the neighbourhood level, the development contributes to a mixed and inclusive neighbourhood, and it meets all the following criteria:*

We welcome the clarity on affordable housing requirements for shared-living accommodation, and welcome the opportunity for financial contributions towards the provision of affordable housing in the borough. However, policy H18A8 could include the flexibility to provide a discount market rent product on site that could help those who are unable to access social housing, but who also do not earn enough to access intermediate housing options. The policy should also allow for cash in lieu payments to be phased rather than given as a lump sum upfront, where there is agreement between the local authority and applicant. This should also be reflected in paragraph 4.18.8 of the supporting text.

Paragraph 4.18.9 takes into account the rental cost as a per square meter comparison with other local C3 products to use as a basis for viability. By the nature of shared-living homes being non-self-contained this comparison must be done on a gross internal area to gross internal area calculation, not merely on the direct 'net rented area' of a room versus the net area of a C3 apartment, as this does not take into account the shared spaces which are the equivalency of the living room in standard C3 accommodation.



## Section 6: Commercial Office and Business Space

It is essential that London remains a globally competitive economic hub for business, and central to this is ensuring an adequate supply of business space to meet demand across a variety of sectors, from SMEs and start-ups to creative industries, Global HQs, and large-scale offices.

To this end, we set out our response to the policies of the Plan concerned with economic development, but principally focusing on those relating to office use, namely E1, E2 and E2 and the supporting text of the policy. We also comment on the policies of the Plan relating to the CAZ.

### SD4: The Central Activities Zone (CAZ)

We welcome the continued recognition of the role of the CAZ for national and international office functions and the policy support for the provision of a range of office space for different types of occupiers. We have suggested that this is further strengthened.

### SD5: Offices, other strategic functions and residential development in the CAZ

We welcome the addition of policy SD5, which brings the CAZ SPG (2015) guidance into policy. We welcome the new approach to the mixed-use policy SD5 (g) and the use of land-use swaps and credits and off-site contributions for affordable housing SD5 (i). However, there is scope to strengthen the wording of this policy to make it explicit that land-use swaps, credits and off-site contributions will be acceptable.

The policy currently reads:

*Local approaches to mixed use development of offices with housing should consider the potential to use land use swaps, credits and off-site contributions to sustain strategically-important clusters of commercial activities such as those in the City of London, other parts of the commercial core of the CAZ and the Northern Isle of Dogs.*

We request that it is amended to read:

*Local approaches to mixed use development of offices with housing should **use** land use swaps, credits and off-site contributions to sustain strategically-important clusters of commercial activities such as those in the City of London, other parts of the commercial core of the CAZ and the Northern Isle of Dogs.*

### Policy E1: Offices

A: support

B: support but we believe this policy could be made more succinct. It currently reads:

*Increases in the current stock of offices should be supported, where there is authoritative, strategic and local evidence of sustained demand for office-based activities, taking into account projected demand for office-based employment and office floorspace to 2041 in Table 6.1.*

It should be amended as follows:

*Increases in the current stock of offices should be supported **in sustainable and accessible locations (see part D)** ~~where there is authoritative, strategic and local evidence of sustained demand for office-based activities, taking into account projected demand for office-based employment and office floorspace to 2041 in Table 6.1.~~*

C: Support and welcome the recognition of Stratford and Old Oak Common as emerging locations for strategic office development.

D: Parts 2 and 4 currently read:

*2) other town centre office locations (see Town Centre Network office guidelines in Figure A1.4)*

*4) locally-oriented, town centre office provision to meet local needs.*

These references should be amended to promote office development at highly accessible locations such as transport hubs which do not have town centre status as follows:

*2) other town centre office locations (see Town Centre Network office guidelines in Figure A1.4) **and transport hubs***

*4) locally-oriented, town centre office provision **and at transport hubs** to meet local needs.*

E and F: We welcome the Mayor's strategic support for extending protection for existing office floorspace from change of use from office to residential to residential through the use of Article 4 directions.

G: See comments on policy E2 and E3. We have some significant concerns that policies E2 and E3 will result in significant unintended consequences and result in distortion to the office market that would disadvantage the very occupiers that the policies are seeking to support.

### Policy E2: Low-cost Business Space

Whilst we support the overarching aim of this policy, to ensure that there is a wide range of business space available to meet the needs of micro- and SME-sized companies and start-ups, we are very concerned that the policy, as currently drafted, is a very blunt instrument to achieve this aim. It will result in significant unintended consequences, including a reduction in the amount of low-cost office floorspace in the capital. This policy should be deleted, and a detailed explanation for this conclusion is set out below.

The definition of 'low cost business space' as "secondary and tertiary space, which is of a lower specification than prime space" at para 6.2.2 is extremely onerous. This policy could therefore apply to any business space in the capital that is not prime/Grade A.

In addition, defining secondary or tertiary business space that is provided at a market average as low cost is contradictory – one would expect ‘low cost’ to mean an amount below market rent. It is also important to note that the rental values for business space vary across the capital depending on location and condition: for example, some Grade A space may command a similar price per square foot as grade B premises in a central location.

Draft policy E2 (B) (2) requires the protection of low-cost business space or satisfaction of a set of onerous policy tests, including the re-provision of an equivalent amount of floorspace to a similar specification, type, use and size and rehousing the tenant in the development or finding the tenant alternative local equivalent accommodation.

In terms of part B of the policy, the requirement to deliver/re-provide the same size, specification and specific use is neither practical nor reasonable. It is difficult to see how a new-build office could be delivered to the same specification as business space that is of a particular age or that has been offered at a lower rent due to its physical condition (e.g. in need of better maintenance or upgrading). This will be near impossible to achieve in some of the examples of ‘low-cost floorspace’ cited in the supporting text, such as heritage buildings and railway arches.

It is also very onerous to require the same specific use to be catered for, since this is controlled by the uses classes order; a development plan policy should not seek to amend primary legislation. In addition, the policy should relate to the use of land, not to the protection of the existing individual occupiers. Policy should therefore not seek to protect the existing occupiers; separate controls on relocation, etc, are provided through the landlord and tenant system and will always have been subject to separate commercial negotiation. Whilst relocation strategies are set out in emerging local policy documents (such as the Old Kent Road development plan document), this is to deal with the implications of area-wide regeneration on a well-established industrial area. It is not appropriate or reasonable to seek to protect existing tenants on an application-by-application basis through development plan policy.

In terms of part C of the policy – if this this element of the policy is to remain, it should be included within policy E1. This part of the policy currently reads:

*Development proposals for new B1 business floorspace greater than 2,500 sqm (gross external area) should consider the scope to provide a proportion of flexible workspace suitable for micro, small and medium-sized enterprises.*

It should be amended to provide greater flexibility and be less prescriptive, so that it ensures that business space is capable of being subdivided to provide smaller units. We recommend it reads as follows:

*Development proposals for new B1 business floorspace greater than 5,000 sqm (gross external area) should consider **providing a proportion of flexible business space.***

The threshold level for the application of this part of the policy should be increased; critical mass within a development is essential as flexible workspace requires the

provision of shared services and facilities. Increasing the threshold will therefore enable better quality small/flexible offices to be provided.

Developers or landowners planning to upgrade, extend or redevelop existing business space will often offer it at a discounted rent and on short term lease basis until they are ready to undertake the works. The lower rental level may reflect the business space's condition or age, or simply the desire of the landowner to have a tenant in the building for security and other purposes.

An unintended consequence of this policy could be the curtailment of such short-term/discounted-rent lease for existing businesses. This is on the basis that such tenants would then become an additional burden on future development. The result would be a reduction in the supply and range of space available to London's business – to the detriment of the economy and, of course, the reverse of the policy's objective.

Part C of policy E2's intended support for the provision of low-cost and flexible workspace is rolled into another of the Plan's policies, such as policy E1 – which itself promotes the protection of viable office floorspace by local planning authorities based on need. We are strongly of the view that the remainder of this policy is neither practical nor reasonable and that it should be deleted.

Finally, the most appropriate policy measure to seek to protect office quality is the introduction of Article 4 directions to prevent changes of use from office to residential using permitted development rights, where there are proven deficiencies in the supply of offices. This will ensure that all proposed changes to office buildings are subject to the planning application process.

### E3: Affordable Workspace

We support what we believe to be the overarching aim of policy E3 on affordable workspace: to support SME's and start-up businesses and to provide space for the creative and cultural sectors.

We believe that these objectives can be achieved in a targeted way that minimises the scope for distorting the wider property market and adversely affecting development viability. We welcome the Plan's proposals for Creative Enterprise Zones and believe this to be the most appropriate way of delivering subsidised workspace. The draft Plan should also consider the scope for publicly owned land to contribute toward the provision of affordable workspace.

We are concerned that draft policy E3 could result in significant unintended consequences for London's economy including:

- putting at risk the existing market-led regeneration of London and failing to support the clustering of new business across emerging business districts, as occurred with tech start-ups in Shoreditch and creative businesses in Peckham;
- having a direct impact on development viability; and
- being complex to define and deliver. For example, who will be eligible, on what basis/terms/how long for/how, and who will judge that eligibility on an ongoing basis? Who will monitor and enforce the process?



We share the view as set out in the London Office Policy Review (2017) that the provision of subsidised workspace is not a human right, unlike affordable housing, and there is no market failure to be addressed. Many developers are already delivering affordable workspace, recognising the social and economic benefits of doing so.

Our overarching concern is that an affordable workspace policy could act as a deterrent to investment in London, with developers ultimately choosing to invest in other global cities due to too many development obstacles in the capital.

We therefore object to this policy and request that it is deleted.

Without prejudice to our objection to this policy, should it remain, we request that it should be amended as follows. The policy should be subject to a minimum-size threshold for practical purposes and an upper time limit for the duration of the planning obligation as an obligation 'in perpetuity' is not reasonable.

*A Boroughs, in their Development Plans, may consider affordable workspace policies for specific locations, where there is strong evidence of local need and it is demonstrable that it will not prevent the delivery of the Plan's overarching policy objectives such as the delivery of affordable housing. ~~These may include policies on site-specific locations or defining areas of need for certain kinds of affordable workspace. Planning obligations may be used to secure affordable workspace at rents maintained below the market rate for that space for a specific social, cultural or economic development purpose~~ for an agreed time period.*

Such circumstances *may* include workspace that is:

- 1) *dedicated for specific sectors that have social value such as charities or social enterprises*
- 2) *dedicated for specific sectors that have cultural value such as artists' studios and designer-maker spaces*
- 3) *dedicated for disadvantaged groups starting up in any sector*
- 4) *providing educational outcomes through connections to schools, colleges or higher education*
- 5) ~~*supporting start-up businesses or regeneration.*~~

**B** *Particular consideration should be given to the need for affordable workspace for the purposes in part A above:*

- 1) *where there is existing affordable workspace on-site*

- 2) *in areas where cost pressures could lead to the loss of affordable workspace for micro, small and medium-sized enterprises (such as in the City Fringe around the CAZ and in Creative Enterprise Zones)*
- 3) *in locations where the provision of affordable workspace would be necessary or desirable to sustain a mix of business or cultural uses which contribute to the character of an area.*

~~**C** Boroughs, in their Development Plans, are encouraged to consider more detailed affordable workspace policies in light of local evidence of need and viability. These may include policies on site-specific locations, or defining areas of need for certain kinds of affordable workspace.~~

**D** Affordable workspace policies should only apply to new office developments of over 5,000 sq.m and should not apply within the Central Activities Zone unless there is very strong locally specific evidence to demonstrate a specific need

**E** Where it is not practical or feasible to provide this on site, the developer may provide a payment in lieu towards the provision of affordable workspace elsewhere in the borough;

**F** Affordable workspace policies defined in Development Plans and Section 106 agreements should include ways of monitoring that the objectives in part A above are being met, including evidence that they will be managed by a workspace provider with a long-term commitment to maintaining the agreed or intended social, cultural or economic impact.

*Applicants are encouraged to engage with workspace providers at an early stage to ensure that the space is configured and managed efficiently.*

**G** Leases or transfers of space to workspace providers should be at rates that allow providers to manage effective workspace with sub-market rents, meeting the objectives in part A, over the long term.

**H** The affordable workspace elements of a mixed-use scheme should **be practically complete operational** prior to residential elements being occupied.

### *Potential impact of an affordable workspace policy on development viability*

The introduction of a subsidised workspace policy will have an impact on the viability of commercial development causing a market distortion.

By adding another layer of cost or deduction from value, it has the potential to reinforce the problem of market cycles. If the cost of development rises too high relative to value or the potential value decreases relative to cost, then attraction of undertaking speculative development is reduced.

Between 2008 and 2013, it was very difficult to encourage speculative development due to the risk inherent in generating value, hence no commercial development of any market required scale. The inelasticity of construction to react to market changes combined with no commercial development for five years has reinforced a paucity of supply when it was needed. Commercial confidence increased dramatically, and the consequential high levels of demand and lack of supply has driven very high occupational costs.

In conclusion, this policy could potentially reduce the overall supply pipeline and therefore place rents under upward pressure, frustrating the very objective that the policy sets out to achieve.

### *Viability Evidence Base*

The viability appraisal supporting the draft new London Plan states that ‘the inclusion of affordable workspace makes little difference to viability in most cases.’

We have undertaken an assessment of the London Plan Viability Appraisal which, as summarised in section 2, demonstrates that draft policy E3 will have an impact on the viability of commercial office development, particularly in the CAZ.

### *Practical considerations*

The policy does not recognise the basic practical considerations arising from draft policy E3, including design and management issues.

The inclusion of affordable workspace within a new development adds to development costs, as it requires self-contained, separately accessed business space. Depending on the size and the layout of the proposed offices, it will not always be practical to provide this on site. If the policy is to be retained, this should be addressed and payments in lieu should be acceptable.

Whilst draft policy E3 encourages boroughs to develop affordable workspace policies in their local plans, it does not provide any safeguards to ensure that successful businesses are not availing from subsidised rents to the disadvantage of other businesses. The London Plan should set out the minimum requirements for businesses to avail of subsidised business space, including requirements for the monitoring of business financial information.

### *The needs of SMEs and start-ups*

The draft London Plan does not recognise that flexible terms are more important to SMEs and start-ups than rental levels. Whilst premises costs are a factor in the choice of premises by businesses, most SMEs are driven by requirements for flexible leases and low start-up costs (deposits). It is crucial, therefore, that the commercial market continues to provide the type of space at the lease right terms to support SMEs and start-ups (see commentary on serviced offices below).

### Overview of the current office market in the capital

The commercial office market in the capital provides for a full range of business requirements, including unit types and sizes, rents, and lease arrangements. As such, we do not believe that there is any market failure that requires an affordable workspace policy to be introduced through the Plan.

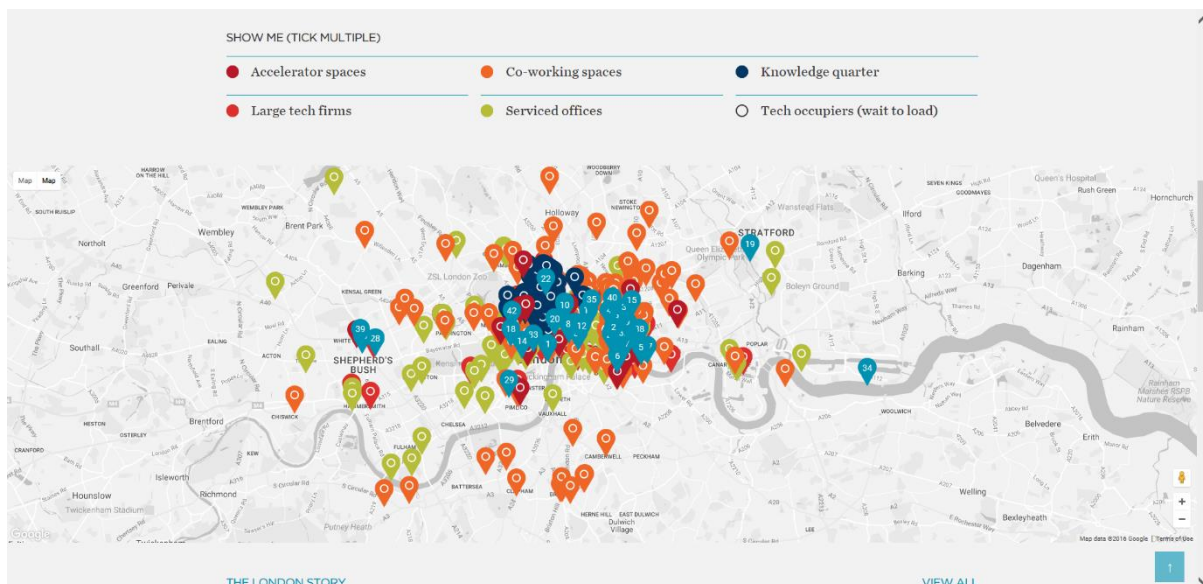
There is a variety of workspace at a range of rental levels across the capital. As such, we do not believe there is a market failure (or an affordability issue that needs to be addressed).

It is also worth noting that only around a third of the office stock in Central London has been developed or undergone major refurbishment over the last 15 years, which suggests that a large proportion will be made available soon at more affordable rental values.

### Co-working space and serviced offices

The market is already responding to the demand for the right type of space in the capital to support SMEs and start-ups. Co-working spaces are springing up across the capital to provide alternative accommodation for SMEs, not just in central London but in outer London boroughs too. Cushman and Wakefield's online mapping tool (below) evidences the geographical spread of co-working and tech companies across the capital, showing that demand is London-wide, not just the City Fringe.

These developments provide a variety of serviced office space at a range of terms to meet the varying needs of small businesses.



Indeed, the Ramidus Consulting Report for the GLA on Small Offices and Mixed Use in the CAZ (July 2015) says that while there is a 'perception that there is a shortage of small, economically priced units' the 'CAZ is able to offer an acceptable range of office

values [...] we consider this to be a sustainable and healthy range'. This report also concludes that:

- the demand for small offices from businesses in the digital economy is being satisfied in a wide range of locations adjoining the CAZ; and
- on balance, the provision of small offices in this current market broadly matches the level of demand.

#### *Natural evolution of the market/regenerative impact*

There are emerging trends in clustering of small businesses, creatives and start-ups in particular locations in the capital where rents are low: for example, Shoreditch (at one time), Hackney Wick, Peckham, and Camberwell. The clustering of such businesses regenerate these areas, further attracting new businesses, residents and visitors to the area. As identified in the Ramidus report, London's business geography is 'undergoing rapid change [...] areas that were formerly regarded as fringe locations have become mainstream; and buildings that would have previously been described as secondary or low grade can now command prime rents.'. However, the Ramidus report acknowledges that whilst this occurs, small businesses seek out the next new location, for example, Camberwell, Peckham etc.

This demonstrates that the property market self-regulates, with small businesses choosing to relocate to more 'affordable' fringe locations where new clusters are established.

## Section 7: Environment, sustainability and energy

We support the Plan's overarching objectives to improve London's environment, including improving air quality and reducing CO2 emissions. However, we have some significant concerns that in their present form the policies in Chapters 8 and 9 of the Plan are overly ambitious, and some are technically difficult to achieve (G5: Urban Greening). Our principal concern is that the viability appraisal has not appropriately assessed the actual costs of delivering these policies and that the cumulative burden of these policies will render development unviable. The policies as currently drafted also risk the overall quality of development in order to achieve the environmental targets.

In this section, we set out our recommended amendments to these policies, which will safeguard development delivery.

### Policy G5: Urban Greening

We support the aim of this policy: increasing the amount of green surfaces in London, including green walls, roofs and landscaping, and thereby contributing to the improvement of London's environment. The ability for any development or building to deliver urban greening will differ depending on the proposed use and operational requirements, such as plant and machinery – which may need to be located at roof level – and yard space at ground level for industrial or logistics use, or the requirement for roof-mounted renewables.

We are concerned that the viability appraisal has not properly tested the costs of delivering urban greening. For example, appendix H of the Viability Assessment Technical Report states that the costs of urban greening measures have been included in the external works costs, but, as these are based on benchmarks (existing developments), it is unlikely that the costings will reflect these new draft policy requirements. To explain this further, to achieve an Urban Greening Factor (UGF) of 0.3 in central London, changes to the building form are likely to be required, such as creating an extra floor for services equipment to enable the roof to be fully greened.

The policy's target UGF figures of 0.4 and 0.3 for residential and non-residential respectively are based on three case studies<sup>1</sup> (two domestic and one commercial), which are not representative of the full range of development types and built form in London. Hotels, industrial, retail and mixed-use schemes have not been tested. The calculation methodology does not reflect areas of a building where green infrastructure is not achievable, for example, sloped or mansard, particularly involving heritage assets and conservation areas. The policy should be flexible enough to deal with such considerations.

In addition, the boundaries used to determine the example figures are not representative of the plot/site boundary and seem to be arbitrary depending on the building, with no surrounding public realm included. By its very nature, surrounding

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<sup>1</sup> In the evidence base report Urban Greening Factor for London Report 2017  
[https://www.london.gov.uk/sites/default/files/urban\\_greening\\_factor\\_for\\_london\\_final\\_report.pdf](https://www.london.gov.uk/sites/default/files/urban_greening_factor_for_london_final_report.pdf)

public realm tends to incorporate more hardstanding which will reduce the deliverable UGF figures. Existing central London projects with terraces, green roofs and extensive landscaping have been found to deliver UGF values of between 0.11 and 0.17, meaning that it would not be possible to meet the policy target of 0.3. If surrounding landscaping in suburban locations is taken into account, then the target becomes much more achievable.

The policy should be amended to include a more achievable UGF of 0.2, especially for Inner London sites. Furthermore, we do not agree that boroughs should have the ability to set different factors; instead, the target should be sensitively applied, having regard to the context and location of the site, and each application should be considered in terms of the need to balance other policy objectives.

Policy G5 (part B) currently reads:

*Boroughs should develop an Urban Greening Factor (UGF) to identify the appropriate amount of urban greening required in new developments. The UGF should be based on the factors set out in Table 8.2, but tailored to local circumstances. In the interim, the Mayor recommends a target score of 0.4 for developments that are predominately residential, and a target score of 0.3 for predominately commercial development.*

It should be amended to read:

*Boroughs should **sensitively apply the Urban Greening Factor (UGF), having regard to the size and context of the site, and overall nature and benefits of the proposal,** to identify the appropriate amount of urban greening required in new developments. The UGF should be based on the factors set out in Table 8.2, but tailored to **site** circumstances. The Mayor ~~recommends~~ **suggests** a target score of **0.2** for developments that are predominately residential, and a target score of 0.3 for predominately commercial development. **Where there are particular constraints such as conservation areas or listed buildings a target score of 0.1.***

### Policy G7: Trees and woodlands

There are many tools available to assess a tree's value; there is a risk to part C of the policy that developers and local authorities may arrive at different conclusions as to the 'value' of trees if they use different tools, thereby creating confusion. To simplify this, an existing measure of a tree's value is a Tree Preservation Order, which should be the focus of the policy.

### Policy SI1: Improving air quality

London First is supportive of measures that will improve London's air quality. However, we are unclear as to how 'air quality positive' would be demonstrated/quantified and concerned about potential impacts on viability. We recommend that the GLA undertakes detailed work to develop an evidence base before proposing new policy in this area.

## Policy SI2: Minimising greenhouse gas emissions

We support the principle of CO<sub>2</sub> reduction targets but have substantial concerns about the viability and appropriateness of aspects of this policy. We propose that the definition of zero carbon used in planning should reflect international standards for carbon emissions measurement and verification.

The energy efficiency targets of 15% deliverable for all non-domestic uses are too difficult to achieve. The AECOM report which forms part of the evidence base has only tested a limited scope of non-domestic uses to establish this target – only a single office, hotel and school have been analysed, and no industrial or retail uses have been tested. It also states on page 37 that ‘it is important to acknowledge that by adopting this single target, not all building types will be able to meet it and this needs to be allowed for in the review of planning applications.’

Based on this, the energy efficiency targets should be more robustly assessed, with wording included to allow for buildings that, while unable to meet the 10%/15% energy efficiency targets, are still able to meet the overall 35% reduction target.

As the 10%/15% energy efficiency target currently includes both building fabric and systems, a building-fabric target only – similar to the Thermal Energy Demand Intensity used in Toronto’s zero emissions buildings framework, Vancouver’s Zero Emissions Building Plan and the Canadian Green building council’s Zero carbon building standard (FEES) from the Zero Carbon Hub or DFEE/TFEE in SAP – would be more appropriate to ensure passive design is properly considered.

We have substantial concerns about including carbon dioxide emissions due to construction activities in the zero-carbon target, including both embodied CO<sub>2</sub> in building materials and on-site construction activities. As there are no benchmarks for construction emissions, and they will vary considerably between the size of sites and nature of construction (e.g. use of cranes and hoists), it is not clear how it will be possible to demonstrate construction emissions reductions, and what this is measured against. This element of the policy requires further clarification.

We also have a broader issue with the use of the term ‘zero carbon’ due to the fact that it does not deliver net zero carbon buildings in operation. A truly net-zero-carbon building would be carbon neutral in operation, meaning that all the energy consumed by the building, as recorded on electricity and gas meters, would either be supplied by zero-carbon sources (clean electricity or gas) or offset using a transparent and auditable methodology. The current policy does not reflect this and is not comparable with other international or organisational definitions of ‘zero carbon’ or ‘carbon neutrality’. We suggest that the definition of ‘zero carbon’ should be adjusted, based on the following:

- minimum level of on-site carbon dioxide emissions reduction targeted in operation, which includes unregulated consumption, reflecting metered energy data. The potential use of a kWh/m<sup>2</sup> target energy metric warrants further investigation, as per the London Energy Transformation Initiative recommendations;
- allowing building operators’ procurement of clean electricity to reduce/eliminate carbon dioxide emissions associated with electricity consumption to be accounted for in the ‘zero carbon’ definition; and



- a clear and auditable offsetting policy that allows developers to directly establish how offset payments are being used to fund carbon savings elsewhere. This should include local authority off-site implementation and developers' own alternative off-site measures.

This process and methodology should be independently audited to ensure it conforms to internationally recognised definitions of carbon neutrality/zero carbon.

In addition, the costs of achieving zero-carbon, non-domestic buildings through a borough offsetting payment are substantial. Whilst the viability assessment accompanying the consultation tests the application of the proposed zero carbon standard to the non-domestic sector, there is a concern that the number of case studies used to test the additional offset costs proposed is too few, with more detailed locational testing of the proposals required.

We propose an alternate definition of zero carbon which meets internationally recognised standards and allows flexibility in achieving zero-carbon buildings.

We propose that policy SI2 is amended as follows:

**A** Major development should be zero-carbon in operation. This means that all the energy consumed by the building, shall either be supplied by zero-carbon sources (such as renewable power, clean electricity or gas) or offset using a transparent and auditable methodology.

1. A minimum on-site reduction of at least 35% beyond Building Regulation is expected. Residential development should aim to achieve 10%, and non-residential development should aim to achieve 15% through energy efficiency measures in building fabric where possible.

2. Where it is demonstrated that the zero-carbon target cannot be fully achieved on-site, any carbon emissions shortfall should be addressed through the following options:

- a cash in lieu contribution to the relevant borough's carbon offset fund, and/or- off-site investment in the London area, provided that an alternative proposal is identified, and delivery is certain and/or
- purchase of third-party verified carbon offsets which fund energy or carbon projects in London and/or
- commitment to purchase green power or green gas contracts for a 30-year duration post completion.

**B** Reducing carbon dioxide emissions, and minimising both annual and peak energy demand, should be in accordance with the following energy hierarchy:

1. Be lean: use less energy and manage demand during operation.
2. Be clean: exploit local energy resources (such as secondary heat) and supply energy efficiently and cleanly. Development in Heat Network Priority Areas should ~~follow~~ assess heating options from the menu provided ~~heating hierarchy~~ in Policy SI3 Energy infrastructure.
3. Be green: generate, store and use renewable energy on-site.

**B** Major development should include an energy strategy to demonstrate how the zero-carbon target will be met within the framework of the energy hierarchy and how any proposed offsetting will be undertaken. The strategy should also include steps the development will take to reduce embodied carbon emissions.

*D Boroughs must establish and administer a carbon offset fund which meets an international standard for carbon offsetting. Offset fund payments must be ring-fenced to implement projects that deliver greenhouse gas reductions. The operation of offset funds should be verified by a third-party specialist.*

Further thought is required on how planning policy can reasonably enforce monitoring and reporting of building energy performance in operation. It raises concerns about data protection, especially for residential developments. Further detail is also required on how the online portal will work.

We support the BPF's recommendation in respect of paragraph 9.2.10 of the plan which provides a significant amount of detail in prescribing the minimum content of energy strategies. We believe that the draft Plan should set out the broader objectives and aspirations in terms of energy considerations, whilst leaving the finer detail to be determined on a site-by-site basis, allowing greater flexibility in accordance with the latest technology and best practice. We therefore recommend that the language within this part of the plan be softened to further clarify that the composition is not mandatory.

### Policy SI3 Energy infrastructure

The intent of the policy in addressing London's reliance on the use of fossil fuels for heating is welcomed. We acknowledge that developing low carbon heat sources for both new and existing homes should be a priority for the Mayor. However, we have concerns that the policy as currently drafted may lead to several unintended consequences: for example, higher costs to residents through increased and unregulated service charges, and long-term reliance on fossil fuels to provide heating as a time when the electricity grid is being decarbonised.

We welcome that this draft policy takes a more realistic approach towards CHP. CHP technology is very often included within development schemes but thereafter dispensed with in favour of connection to the grid and use of traditional boilers.

There is a wider issue regarding the Mayor's prioritisation of energy infrastructure in that homes built to high energy-efficiency standards (as specified in policy SI2 C) will have very low heating demand, reducing the potential for carbon savings through energy infrastructure. If a new dwelling only has an annual heating and hot water bill of £350, the payback for the capital cost of energy infrastructure will be a lot longer than for older housing stock and the carbon savings much lower.

The policy also places reliance on an unregulated sector to deliver low-carbon heat. Anecdotal evidence suggests that whilst the actual energy use in modern buildings is relatively low, the associated operation and maintenance of communal heating systems can lead to higher service charges for residents. The capital costs, other costs of maintenance and energy strike prices agreed through ESCo concessions are often passed on to residents, leading to higher energy/service costs than those resulting from individual gas boilers. Predicting these costs at the design stage is notoriously difficult and fraught with risk (numbers from SAP aren't reliable for predicting costs). There is currently no regulatory regime to monitor and sanction heat network operators, risking high service charges for residents.

There is also a risk that ESCos that will want 40-year concessions to build and operate energy networks will be reliant on gas-fired technology which, whilst cleaner than grid

electricity today, will become relatively more carbon intensive as the grid is decarbonised. Whilst we recognise the policy intent of utilising other heat sources instead of fossil fuels, there is a concern that this will be technically difficult to implement and result in a fall back to gas-fired CHP, locking-in a fossil fuel that, whilst cleaner than grid electricity currently, may not be so in 10 years' time.

Each development and its context are different, and it is important that the right approach for the site is achieved which delivers the lowest carbon outcome. Given the legal and technical challenges, policy SI3 should offer a menu, rather than hierarchy, of heat options, with selection made on the lowest-carbon option for the development. It should not be necessary for applicants to commission extensive and expensive reports on why different options are not viable.

Part D of policy SI3 D currently reads:

*Major development proposals within Heat Network Priority Areas should have a communal heating system*

*1) the heat source for the communal heating system should be selected in accordance with the following heating hierarchy:*

It should be amended to read:

*Major development proposals within Heat Network Priority Areas should have a communal heating system, where it is deemed appropriate to the development:*

*1) the heat source for the communal heating system should ~~be selected in~~ take into account the following heating options according to feasibility and viability:*

### Policy SI15: Water Transport

We support Policy SI15 to protect and enhance the role of freight and passenger transport on the river. We look forward to working with TfL through the new Thames and London Waterways Group and with the GLA on the Safeguarded Wharves Review to ensure the full potential of the river Thames for transport is realised.

### Policy SI7: Reducing waste and supporting the circular economy

We support the policy aim to reduce waste and support the circular economy. We similarly support the aspiration to increase recycling rates, though are concerned at how achievable this target is given the challenges faced – for example with high rise residential. Further clarity on how this can feasibly be achieved should be provided by the GLA. We also believe the GLA's forecasts for future waste should be reviewed given the significant disparity with evidence provided by the trade body and industry.

### Policy SI8: Waste capacity and net waste self-sufficiency

We support the Plan's ambition to reach net waste self-sufficiency. However, we believe that this policy needs to commit explicitly to the delivery of additional recycling and residual waste treatment capacity. To bring Policy S18 C3 in line with national

planning policy the text needs to be revised to ensure the Plan remains technology neutral.

## Section 8. Additional comment on detailed policies of the plan

### Policy D4: Housing Quality and Standards

This policy goes beyond the nationally described space standards to set out detailed design and layout requirements for new residential developments, we believe this would be better placed in supplementary guidance. This guidance should be applied flexibly to enable residential developments to be designed to respond to the resident's preferences (for example, Build to Rent occupiers prefer a higher number of en-suite bedrooms) and locational or site layout constraints that may necessitate a departure from the design guidance.

### Proposed new policy D14: on Density, Daylight and Sunlight

In 2017, in partnership with GIA, London First published 'Guiding Light: unlocking residential density', a report which called for new approaches to daylight and sunlight for London in order to deliver more homes through higher-density development.

The most commonly used guidance on daylight and sunlight is published by the Building Research Establishment (BRE). It contains nationally applicable best practice guidelines on the levels of daylight and sunlight that existing and new development should follow. Whilst it recommends a more contextual approach and setting alternative target values for city centres, urban environments and historic

locations, it crucially does not set out what these are.

In the absence of this guidance, a 'one size fits all' approach is taken by many boroughs, resulting in the same daylight and sunlight targets appropriate for a development in suburban locations being applied to developments in Central London. This impedes London's ability to make the most efficient use of its land, resulting in low site coverage and greater separation distances between buildings. Most importantly, it hinders London's ability to deliver the volume of homes that its population needs.

We support the recommendations of GIA and the London Property Alliance that an additional policy should be included in the London Plan that provides a more appropriate site-specific approach to daylight and sunlight and their effect on residential amenity, including similar typologies of other sites or developments as comparables. This approach was supported in a recent appeal decision for a site in Whitechapel (APP/E5900/W/17/3171437).

### *Policy D14 – Sunlight and Daylight*

- A. New development should avoid causing unacceptable harm to the amenity of surrounding land and buildings, particularly in relation to privacy and overshadowing and where tall buildings are proposed. An appropriate degree of flexibility should be applied when using BRE guidelines to assess the daylight and sunlight impacts of new development on surrounding properties, as well as within new developments themselves.*

- B. Guidelines should be applied sensitively to higher density development, especially in opportunity areas, town centres, large sites and accessible locations, where BRE advice suggests considering the use of alternative targets. This should take into account all relevant local circumstances; the need to optimise residential or commercial capacity; and scope for the character and form of an area to change over time.*
- C. The degree of harm on adjacent properties and the daylight targets within a proposed scheme should be assessed drawing on broadly comparable residential, mixed use and/or commercial typologies within the area and of a similar nature across London. Decision makers should recognise that fully optimising housing or commercial potential on large sites may necessitate standards which depart from those presently experienced but which still achieve a satisfactory provision of amenities and avoid unacceptable harm.*
- D. BRE guidelines on assessing daylight and sunlight should be applied sensitively to higher density development in a city centre, particularly in central and urban settings, recognising the London Plan's strategic approach to optimise housing output and the need to accommodate additional housing supply in locations with good current and projected transport accessibility. In those areas, quantitative guidance on daylight and sunlight should be derived after careful consideration and by demonstrating how the levels within the proposal measure against broadly comparable (and successful) urban grains in higher density areas within London."*

#### T6: Car Parking

We consider that a more moderate approach should be adopted for residential schemes, which would give local authorities the flexibility to allow an appropriate level of car parking within across London, where this is considered appropriate at the local level, and bearing in mind the circumstances of the site, and in the context of the paragraph 39 of the NPPF. Paragraph 39 of the NPPF was specifically introduced to address the inflexibilities of policies that set maximum-parking standards.

The Plan encourages redevelopment of single-storey shops, such as supermarkets, to provide new housing and retail facilities which can be a source of new housing supply. However, policy T6 should be amended to recognise that maintaining a certain level of car parking may be necessary for the successful operation of the new store and enable this to be assessed appropriately on a site-by-site basis.

#### T8: Aviation

Recognising that the Mayor opposes Heathrow expansion subject to his conditions ('no additional noise or air quality harm would result; the benefits of future regulatory and technology improvements would be fairly shared with affected communities; and that sufficient surface access capacity would be provided by the Government and/or the airport authority'), London First reiterates its support for expansion at Heathrow as vital extra aviation capacity to the benefit of the London, South East and UK economies. We ask that the London Plan does not actively obstruct expansion at Heathrow in any way and therefore welcome a number of the relevant proposals in the draft Plan:

- the recognition of the importance of not just securing but also enhancing the strategic industrial locations (SILs) in west London and especially at Park Royal and Heathrow (Policy E5);
- the inclusion of the point that the Mayor supports the case for additional aviation capacity in the South East (Policy T8);
- that better use should be made of existing aviation capacity alongside improved surface access links, especially rail (policy T8);
- the recognition of the essential connectivity that London's airports provide for passengers and freight, the support it provides for vital trade, inward investment and tourism and the prosperity and significant numbers of jobs it generates; and
- the recognition that general and business aviation can complement and help sustain London's economy. However, in this context we think it appropriate to have specific recognition of the Strategic Outer London Development Centre that is Biggin Hill Airport, which is a critical part of London's general aviation system and has no scheduled flight (relating to the point the draft Plan makes that scheduled services should generally operate from larger airports).

We welcome the recognition that Stansted could make better use of its single runway if its flight cap were raised, but stress that this is not 'in due course' as the draft Plan states, but is the subject of a planning application which Stansted Airport has already made. The final Plan should be updated to reflect this fact. It should also recognise the role that Stansted and the growth corridor emanating from London towards it can play in providing connectivity, supporting trade, and encouraging investment and jobs growth.

We note the opinion of the Mayor – expressed in the draft Plan – that expansion (which we take to mean a second runway) at Gatwick could offer benefits more quickly and at less cost than at Heathrow. We consider that the final Plan should support growth at all London Airports and particularly reflect the potential of releasing additional capacity at Gatwick by making the best use of its existing facilities.