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By email only

2 March 2018

Dear Sir/Madam,

London Plan - Draft for public consultation (December 2017) Representations on behalf of Strathclyde Regional Pension Fund

We write on behalf of our client, DTZ Investors, to submit representations to the London Plan - Draft for public consultation (December 2017).

Our client

DTZ Investors (DTZI) is a specialist real estate investment manager with over 50 years of experience in managing real estate portfolios for its clients. It currently has a team of 105 staff managing £9.0 / €10.0 billion of property in 363 assets across Europe for long-term investor clients.

Over a third of DTZI's assets are held in London, which comprise more than 100 investments (totally c.£2.8bn (5.1m sqft) across 27 boroughs. They are managed on behalf on a number of clients, including local authorities and public sector funds. The assets span all sectors of the commercial spectrum, and include Grade A offices, Retail Centres and Industrial Estates.

DTZI invest heavily in the management and maintenance of their assets, and where appropriate redevelop them to ensure they continue to positively contribute to the vibrancy and economy of the city. In recent years a number of the assets have been brought forward for alternate use development in order to put the land to best use; this has included the redevelopment of low density retail parks to high density residential led mixed uses schemes. The assets, whilst often being low density, have significant value due to the institutional quality of their tenants and lease terms. The majority of our assets are tenanted, as such due to the Landlord and Tenant Act there are only specific windows of opportunity for us to redevelop the assets.

The policies of the emerging London Plan have a significant impact on the management and future development for DTZI's London assets and the need to manage these assets and allow for future redevelopment of suitable sites has informed the representations detailed below.

Representations

Scope of the London Plan and deviation from National Planning Policy

General concern is raised that with respect to the admission in the "Introducing the Plan" section that *"the Plan deviates from existing national policy and guidance"* on the basis that *"the Plan is delivering on a specific Mayoral commitment"*. It is a fundamental requirement for the London Plan to be consistent with National Planning Policy with Section 337(6)(a) of The Greater London Authority Act 1999 as the Secretary of State has the power to impose a direction to the Mayor of London not publish the London Plan if there is *"any inconsistency with current national policies or relevant regional planning guidance"*.

In this context, further concern is expressed that the Draft London Plan contains policies that are too detailed and overly prescriptive for a document which is to comprise the Spatial Development Strategy for London and is required by law (under Part VIII, Section 334 of The Greater London Authority Act 1999) to *'deal only with matters which are of strategic importance to Greater London'*.

In this context, particular concern is raised in respect the policies which set out requirements for design scrutiny (**Policy D2**); detailed internal space standards for housing and hotels (**Policies D4 and E10**); requirements for hot food takeaways (**Policy E9**) and temporary/'meanwhile' uses (**Policy H4**), as containing a level of detail which goes far beyond the remit for the London Plan, which should be addressed by local planning policies and supplementary planning guidance as appropriate, to meet individual boroughs' needs and requirements. These policies in particular should be deleted or amended to ensure the emerging London Plan accords with the requirements of The Greater London Authority Act 1999.

Detailed objections

Policy E1: Offices

Concern is expressed regarding the ambiguity of draft Policy E1 in identifying that "Existing viable office floorspace capacity in outer and inner London locations outside the CAZ and NIOD [Northern Isle of Dogs] should be retained". Whilst it is acknowledged that the loss of offices to residential use is a legitimate concern, it is considered that protecting existing all viable employment floorspace across London would be unduly restrictive, as preventing the loss of offices to other commercial uses could unduly hinder regeneration and job creation. In addition to securing Article 4 Directions to prevent offices being lost to residential use under permitted development rights, it should be for individual London boroughs to determine whether to protect existing office use, or whether to designate particular areas within which existing offices might be protected.

Change sought - Accordingly, it is considered that draft policy E1(E) should be amended to refer to the overall office stock within London Boroughs needing to be protected specifically from being lost to residential use, supported by use of Article 4 directions to remove permitted development rights where appropriate. With respect to alternative uses, the policy should identify scope for London Boroughs to introduce development plan policies to specifically protect office use from conversion/replacement to other commercial employment-generating uses as appropriate.

Policy E3: Affordable workspace

Whilst it is recognised that there should be scope for London Boroughs to introduce Local Plan policies, where there is a clear evidenced need to ensure this provision. It is recognised (at paragraph 2.4.1) that *"The density, scale and mix of business functions and activities in the CAZ are unique"* with the requirement under draft Policy SD4(B) that *"The nationally and internationally significant office functions of the CAZ should be supported and enhanced by all stakeholders including the intensification and provision of sufficient space to meet demand for a range of types and sizes of occupier and rental values."*

The Central Activities Zone (CAZ) provides one third of London's jobs and generates almost 10 per cent of the UK's output and so it is essential that the London Plan ensures its strategic function is not compromised. Market forces have successfully created a mix of business types and sizes within the CAZ, with a range of large-scale and small premises with widely differing rents, suitable for large international corporations and SMEs and start-ups. In this context, it is a serious consideration that the imposition of a blanket policy on affordable workspace provision could compromise the strong and dynamic office market within the CAZ, where office space is at a premium.

Outside of the CAZ, it is considered that the requirement for affordable workspace to be managed by a dedicated "workspace provider" is unreasonable as site owners (and real estate investment managers such as DTZI on their behalf) are often best placed to manage letting of these areas - particularly when affordable floorspace within a scheme is limited. In addition to allowing freeholders to manage affordable workspace, it is considered that there should be the ability to secure affordable workspace off-site through delivery or payment in lieu of provision, in circumstances where site limitations and occupier requirements make it impractical and/or unviable for this to be delivered on-site.

Change sought – In light of the above considerations, it is requested that Draft Policy E3 be amended to make it clear that affordable workspace should not be sought within the CAZ, with the policy also amended to allow freeholders (and long-leaseholders) to make their own arrangements to manage affordable workspace. The policy should also be amended to provide adequate scope for off-site provision of affordable workspace or a payment in lieu of provision where it is not practical or viable for this to be delivered on-site.

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

Concern is expressed that draft Policy E7 is unduly restrictive in focusing on the intensification of just (Class B1c, B2 and B8) industrial uses within LSIS, as this conflicts with the allowance under Draft Policy E6 for boroughs to “*make clear the range of industrial and related uses that are acceptable in LSIS*” and could result ‘missed opportunities’ deliver a substantial uplift in jobs from other commercial uses, including SMEs with Class B1a or related sui generis uses.

Objection is also raised that the London Plan should not be used to protect all existing unallocated industrial sites

It is considered that protecting undesignated industrial sites (including low-intensity sites with low-employment levels) and requiring (under Part D(1) of the policy) that allocations and applications seek to retain industrial uses, would unduly restrict London Boroughs from developing their own locally-appropriate strategies for development of employment land, potentially compromising the delivery of a significant uplift in jobs from alternative commercial uses as well as the provision of new housing to meet identified needs.

Change sought - Draft policy E7 should make allowance for boroughs to review their existing LSIS allocations (under draft Policy E6) to deliver mixed use regeneration of sites in a co-ordinated manner, including the potential for appropriate release of land within LSIS (offset by intensification of industrial uses on other sites) in order to achieve wider regeneration objectives.

It is considered that the London Plan should not protect non-designated industrial sites as, by definition, these do not merit strategic protection.

Policy H5: Delivering affordable housing & Policy H6: Threshold approach to applications

It is accepted that affordable housing from residential and mixed-use developments should generally be sought on-site [as long as the mixed use development includes residential provision that triggers an affordable housing requirement in itself]. However, the requirement of part B of draft Policy H5 that affordable housing should be delivered on-site does not acknowledge that it is not always practicable or viable to secure mixed tenure housing provision within mixed use schemes on constrained sites, particularly in central London.

The policy also does not recognise that development proposals in central London can often secure more and better quality affordable housing through off-site provision, through development in the vicinity of the application site, or elsewhere if funded by a contribution in lieu of provision. As off-site delivery of affordable housing is relatively common in central London, it is considered too inflexible for Policy H5 to allow off-site provision or a contribution in lieu of provision only in exceptional circumstances.

In seeking to deliver affordable housing under draft Policy H5, serious concern is also expressed that the accompanying draft policy H6 sets a threshold level for affordable housing provision at 50% for Strategic Industrial Locations (SILs), Locally Significant Industrial Sites (LSIS) and other industrial sites deemed appropriate to release for other uses, in order to benefit from the Mayor's Fast Track Route (whereby applications for major residential developments are not be required to submit viability assessments for review).

Policy E7 of the draft London Plan, advises Development Plans and planning frameworks should consider “*whether certain logistics, industrial and related functions*” in selected parts of SILs and LSIS “*could be intensified and/or co-located with residential and other uses, such as social infrastructure, or to contribute to town centre renewal.*” However,

critical to this approach is the requirement of Part E of the policy for *“an increase (or at least no overall net loss) of capacity in terms of industrial, storage and warehousing floorspace with appropriate provision of yard space for servicing.”*

The requirement for redevelopment schemes within SIL or LSIS to retain or increase industrial, storage and warehousing floorspace and provide service yards, presents a significant constraint for redevelopment of these sites, with the need for careful design to accommodate these employment uses alongside residential development and the need for yard areas inevitably reducing the level of market housing that can be delivered on site, with a significant impact on viability for redevelopment. Additionally, active and passive extensive noise mitigation measures for SIL and LSIS site will be required to ensure industrial activities are not compromised by residential development in accordance with to the ‘Agent of Change Principle’ to be followed under draft Policy D12.

Coupled with the likelihood that housing on sites alongside industrial uses is also likely to secure lower revenues for developers than in established residential areas, the effect of these measures will inevitably make redevelopment of these sites more challenging and squeeze the viability of redevelopment schemes, which could compromise the development of emerging new communities and the regeneration of areas (in particular Opportunity Areas with substantial levels of protected industrial land).

The basis for setting of a 50% affordable housing requirement for proposals on Strategic Industrial Locations, Locally Significant Industrial Sites and other industrial sites to benefit from the Fast Track route (without the need for a viability assessment) instead of the 35% for development of all land not in public ownership will be likely to mean that all major schemes for redevelopment of these sites are likely to require viability appraisals to demonstrate how this level of affordable housing provision cannot be achieved. This requirement is likely to significantly to slow up the determination of planning applications (and add significant costs) and in turn delay the delivery of new housing and employment. The effect of this approach will be particularly felt in Opportunity Areas, which are expected to contribute to the delivery of circa 87% of the total housing in London over the next 10 years. (568,000 of 650,000 units) and thus the proposed policy could compromise achieving the Mayor’s ambitious proposed housing targets.

Change sought – It is requested that draft Policy H5 provide greater flexibility by explicitly recognising that within inner London off-site affordable housing provision may be considered acceptable where it can be demonstrated that this would lead to an improvement to the quantity or quality of affordable housing provision compared to that which might be practically and viably achieved on-site. Recognition should also be made to a payment in lieu of provision being deemed acceptable where either on-site or off-site provision is not practicable or viable.

It is also requested that Part (B)3 of draft Policy H6 be deleted to remove reference to a threshold level of affordable housing for residential development of Strategic Industrial Locations, Locally Significant Industrial Sites and other industrial sites being set at 50% in order to benefit from the Mayors Fast Track Route, in favour of applying the 35% threshold to all land not in public sector ownership.

Policy D8: Tall Buildings

Support is expressed in respect of the proposed removal of indicative residential density ranges from the London Plan and the recognition of Policies H1(E) and D6 that the potential to accommodate higher-density residential and mixed-use development, should *‘take into account future public transport capacity and connectivity levels’*. It is a concern therefore that Part B of draft Policy D8 is inconsistent in only identifying “the public transport connectivity of different locations” should be taken into account by Boroughs in identifying “locations where tall buildings will be an appropriate form of development in principle” as it does not make it clear that future public transport capacity and connectivity levels should be taken into account.

Whilst it is considered under Part D of the policy that publicly-accessible areas should be incorporated into tall buildings where appropriate, it should be acknowledged that this will generally not be appropriate, practical or viable for residential towers. This is because significant safety and security concerns associated with public access to residential towers typically necessitate the provision of a separate entrance and lifts to the residential accommodation, with the

employment also of staff also needed to manage access and the use of this public space combining to make provision impractical and unviable.

Change sought - It is requested that part (B)3 of draft Policy D8 be amended to refer to account being taking account of the existing *and planned* public transport connectivity of different locations. Part D of the policy should also be amended to acknowledge that whilst “publicly-accessible areas should be incorporated into tall buildings where appropriate, particularly more prominent tall buildings” this will generally for office and hotel developments as it will typically not be appropriate, practical or viable for provision to be made by residential schemes.

Policy SI 2: Minimising greenhouse gas emissions

Technological advancement has not progressed sufficiently for major developments to get close the “zero carbon” requirement for major developments under draft Policy SI 2, particularly as this would be applied to all major developments and so capture major schemes involving only changes of use and extensions to existing buildings. There is also no clear allowance for the fact that commercial units are often provided as “shell and core” units on a speculative basis with it not possible to identify a number of the environmental gains arising from full tenant fit-out upfront to achieve significant reductions in carbon emissions, without unduly committing future tenants to requirements they might not be able to comply with.

Whilst reference is made to a carbon offset price of £95 per tonne being viability tested, significant concern is raised that the application of this alongside a requirement for zero carbon target for major development under draft Policy SI2 would be likely to have a significant adverse impact on the viability of developments. Careful consideration will need to be given to the per-tonne rate of the carbon offset payment, to ensure it does not prevent developments from coming forward by rendering them unviable.

Change sought - It is considered that the zero carbon requirement under draft Policy SI2 should be amended to refer specifically to major redevelopment proposals only.

Policy T6.1 Residential Parking

Notwithstanding that the environmental impact of private car use is likely to reduce due to the growth in low emission and electric cars, the Mayor’s aims of encouraging cycling, walking and public transport to reduce dependency on cars are supported. However, concern is expressed regarding the requirement under draft Policy T6.1 for residential development within inner London Opportunity Areas to be car free, as it is inevitable that some residents will continue to want to have access to a car, even though it will often not be their main mode of transport.

Within Opportunity Areas, shops and services to serve the new communities will develop over a period of a number of years. Developments are rightly to come forward based on future planned levels of infrastructure rather than existing levels (in accordance with draft Policy D6 of the Draft London Plan), however, developments early in the plan period will come forward in advance of the social and transport infrastructure improvements that will help transform these areas, (with future residents within these schemes more likely to own a car than developments coming forward once significant regeneration of the area has been delivered). It is therefore deemed to be unreasonable to prevent developments from catering for future residents needs for car parking, particularly whilst existing public transport accessibility is low.

Objection is also raised to the requirement Part (B) of draft Policy 6.3 for Parking spaces within communal car parking facilities (including basements) should be leased rather than sold, on the basis that the sale of car parking bays is useful in generating income for a developer that is able to contribute towards the significant cost of creating a basement level within a development, which typically also provides cycle parking, refuse areas and servicing bays for the development. The removal of this upfront income could adversely impact the quality of developments by making basement

construction unviable, forcing back of house functions, including refuse storage and collection and servicing, up to street level.

Change sought - The requirement under draft Policy T6.1 and Table 10.3 that new development in Inner London Opportunity Areas to be 'zero parking' is considered to be unduly restrictive. In response it is requested that adequate flexibility be provided to deliver car-parking within inner London Opportunity Areas by amending Table 10.3 to refer to a maximum parking ratio of 0.25 spaces per residential dwelling. In addition, as it is considered unreasonable to potentially compromise the quality of developments by demanding car parking spaces be leased, it is requested that Part (B) of Policy T6.1 be deleted.

Policy T6.3 Retail Parking

Objection is also raised to the proposed requirement of draft Policy T6.3 and Table 10.5 for development in the CAZ and areas with PTAL 5-6 to be car-free. Forcing new central London retail to be car-free as proposed will be likely to put affected retailers at a significant disadvantage to existing retailers, as well as shopping centres with large car parks and retailers in other Inner London and Outer London locations (particularly for bulky goods retailers and large supermarkets, whereby it is not possible for the 'weekly family shop' or a large item to be transported by walking, cycling or public transport).

Maintaining a retail strategy that focuses development in highly accessible town centre locations, whereby land is at a premium, effectively minimises car usage, and so the imposition of zero car parking for retail in these areas is considered unnecessary and unduly inflexible. As well as adversely affecting retail development in the CAZ and PTAL 5-6 locations, the proposed policy could have the negative impact of increasing car usage, by promoting travel by car over longer distances to less accessible retail locations.

Change sought - The requirement under draft Policy T6.3 and Table 10.5 that retail development in in the CAZ and areas with PTAL 5-6 provide 'zero parking' is considered to be unnecessary and unduly restrictive and could severely compromise new retail development in these areas. In response it is requested that adequate flexibility be provided to deliver car-parking within in the CAZ and areas with PTAL 5-6 areas by amending Table 10.3 to refer to a maximum parking ratio of Up to 1 space per 75 sqm gross internal area (GIA) to match that identified for the rest of Inner London.

We trust that these representations will be given due consideration in the preparation of the emerging London Plan.

If you have any queries, please do not hesitate to contact Martin Moss of this office (martin.moss@jll.eu.com, 0207 852 4493) in the first instance.

Yours faithfully

A handwritten signature in black ink that reads "James Lang LaSalle Ltd." in a cursive script.

JLL