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2 March 2018
Merton Crown Estate London Plan Reps Final

Mayor of London
Greater London Authority

Via Email Only:
londonplan@london.gov.uk

Dear Sir / Madam,

**DRAFT NEW LONDON PLAN
REPRESENTATIONS ON BEHALF OF MERTON COLLEGE AND THE CROWN ESTATE**

Thank you for the opportunity to engage with the preparation of the Mayor's London Plan. This representation has been prepared by Savills (UK) Limited on behalf of Merton College, Oxford and The Crown Estate (Merton / The Crown Estate). It is made in respect of the Draft New London Plan (Draft London Plan) published by the Greater London Authority (GLA) on 29 November 2017.

Merton / The Crown Estate control a substantial area of land within the Greater London Authority (GLA) area, which has the potential to play a significant part in the delivery of London's growth aspirations, including housing and employment as well as supporting strategic infrastructure. We set out below Merton / The Crown Estates representations on the Draft London Plan with regards to delivering the homes London needs. We have focussed on the key issues most relevant to this issue and where constructive suggestions can be made to assist with the preparation of a London Plan that is positively prepared to meet the objectives, principles and policies of the National Planning Policy Framework (NPPF). We are mindful that the NPPF is currently under review and reserve our position to modify these representations in light of any changes to the NPPF.

The main points of these representations with respect to the Draft London Plan are as follows:

1. Meeting housing need will require a significant increase in the rate of housing delivery in London, although assessment of housing need should follow a standardised methodology to ensure coordination with the Wider South East and the country as a whole;
2. Outer Boroughs must deliver more homes than they have in the recent past, including delivery on small sites. However, the capacity of small sites has been over estimated and as a result there is a potentially significant shortfall in housing supply identified in London, and in particular the Outer Boroughs;
3. The Outer Boroughs must have the flexibility to review Green Belt boundaries through Local Plan reviews in accordance with the NPPF, if local assessments of capacity find that Green Belt sites are required to meet housing need.

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Overall Approach

In his recently published Draft Housing Strategy the Mayor made it clear that *“London’s housing crisis is the single biggest barrier to prosperity, growth, and fairness facing Londoners today.”*¹ Merton / The Crown Estate concur and welcome the recognition given in the Draft London Plan that solving the housing crisis will require a significant increase in the rate of housing of delivery. However, they are concerned that the Draft London Plan does not set out a strategy that will solve the housing crisis. Contrary to the claim made in the Draft London Plan that it *“marks a break from previous London Plans”*, at its core its strategy is to prioritise brownfield land and optimise development, which has been the strategy repeated by every iteration of the London Plan since the first one introduced the compact city approach.

Despite the priority given to brownfield land and optimisation of development, repeated in each subsequent round of the London Plan for over 10 years, this strategy has consistently failed to meet housing targets². The evidence suggest that in repeating this strategy, the Draft London Plan will not deliver against the significantly increased housing targets. It is noted that when commenting on the relatively minor increase in housing delivery targets introduced by the Further Alterations to the London Plan (FALP) 2015, the Inspector stated:

“The evidence before me strongly suggests that the existing London Plan strategy will not deliver sufficient homes to meet objectively assessed need....In my view, the Mayor needs to explore options beyond the existing philosophy of the London Plan.”

The housing crisis is complex and has no single cause, but clearly an important pre-requisite for solving it is to increase the supply of land for new homes, as recognised in the Draft Housing Strategy. Merton / The Crown Estate consider that the Draft London Plan has not identified a sufficient supply of land to deliver the housing London needs. It relies instead on an unprecedented increase in the delivery of housing on small sites. In order to meet a potential shortfall, Outer Boroughs must be able to have the option to release land from the Green Belt and allocate it for housing, which is an option that is currently discounted by the Draft London Plan as currently drafted. It is against this context we approach the subjects of housing need and capacity, including capacity in the Outer Boroughs and on small sites. We then examine the role of the Green Belt and Green Belt reviews and make a constructive suggestion to modify Policy G2 *Green Belt* to ensure that the London Plan is positively prepared in accordance with the NPPF.

Housing Need

The Draft London Plan refers to an overall need for 66,000 homes per year for at least 20 years. This figure is informed by the 2017 SHMA carried by the GLA³. The methods used to estimate London’s housing requirements in the 2017 SHMA closely follow those used in the 2013 SHMA, which was carried out before government had provided its guidance through the NPPG in 2014 and before the recent consultation on a standardised methodology for assessing need⁴. Merton / The Crown Estate consider that the implications of the GLA adopting a distinctive method of assessing housing need, not just for London but for the Wider South East (WSE) and the country as a whole, must be given further consideration.

The NPPG in 2014 acknowledged that establishing future need for housing is not an exact science and that no single approach will provide a definitive answer. However, in September 2017 the government published its consultation on a simplified and standardised method for assessing housing need in order to provide more certainty and consistency. The 2017 SHLA acknowledges the consultation but contends that its method is robust and tailored to the circumstances of London. However, London accounts for a sizeable proportion of England’s overall need and by opting out of a standard approach it undermines the nation’s ability to plan properly and ensure that the national target for housebuilding of 300,000 dwellings per year is achieved.

¹ Draft London Housing Strategy 2017

² Source: GLA Annual Monitoring Reports

³ The 2017 London Strategic Housing Market Assessment

⁴ Planning for the right homes in the right places: consultation proposals

The Chancellor in his Autumn Budget Statement in November 2017 confirmed the national housing target for England is 300,000 new homes a year. However, the standard method with a cap applied provides for only 266,000 homes a year. We know therefore that the standard methodology as originally issued in September 2017 does not adequately address the nation's housing need. Nevertheless, looking at the situation in London, the Government's standard method indicates that London should plan for 72,407 new homes a year. This figure is 6,000dpa higher than the GLA's own OAN of 66,000 new homes a year. If London's requirement is assessed without the application of a cap in the methodology then the capital's housing requirement rises to some 95,000 new homes a year. With London representing nearly one third of the country's total requirement it is of great importance that the housing requirement for the capital is set at the right level if the country as a whole is to achieve its national housing target.

The need for a consistent approach across the country is further illustrated in relation to migration assumptions. The effects of London's housing crisis do not stop at its boundary. Many people commute into London for work and rising prices continue to push the 'commuter belt' outwards. If authorities in the WSE assume low net migration when London is assuming the opposite it will give rise to an increased likelihood of under estimating housing need in the WSE.

are validThe actual figure required to solve London's housing crisis could be even higher.

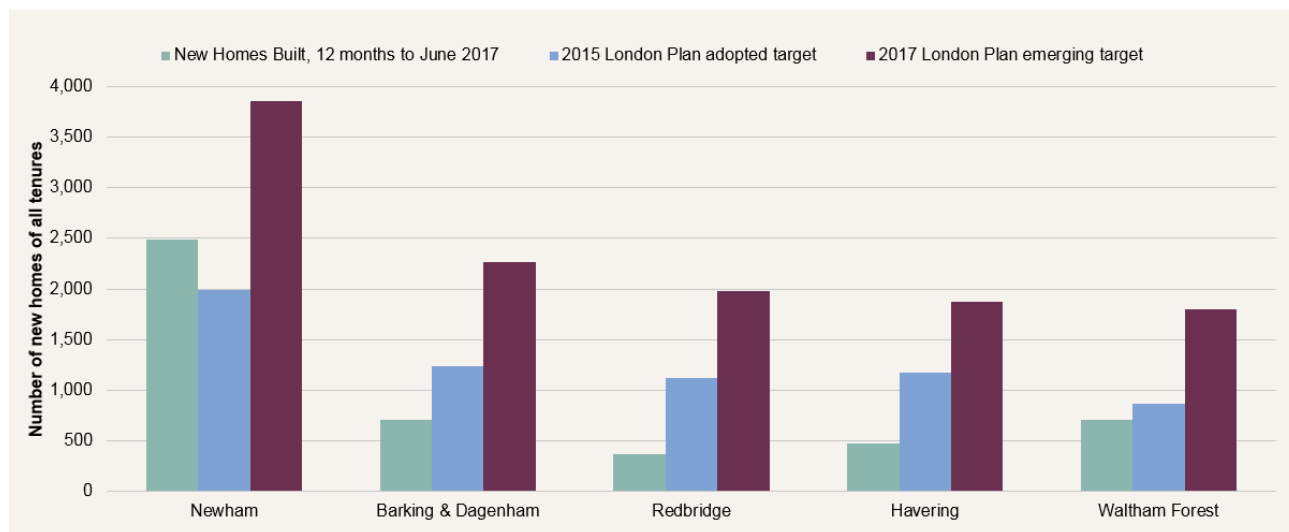
At the time of writing the Governments conclusions on its proposed standard method are not yet known. Overall, Merton / The Crown Estate support a consistent approach to assessing housing need to ensure that housing is properly planned for locally, regionally and nationally. By opting out of the Governments standard method, the Draft London Plan could undermine coordination and cooperation with the WSE.

Housing Delivery in the Outer Boroughs

Merton / The Crown Estate welcome the recognition in the Draft London Plan that the Outer Boroughs must contribute towards solving London's housing crisis. There is a clear focus on the Outer Boroughs delivering the greater proportion (55%) of the housing delivery targets set out in Table 4.1. Housing delivery targets in the Outer Boroughs have seen a very significant increase with the majority experiencing increases of over 100%. Many of these boroughs have historically under-delivered against housing targets, which makes the challenge of the significant increases in housing targets now proposed all the greater.

As an example, the table below compares homes built over a 12 month period, against current and proposed London Plan targets in five boroughs in the north east of London. These boroughs include one Inner Borough (LB Newham) and four Outer Boroughs (Barking and Dagenham, Redbridge, Havering and Waltham Forest). All of these Outer Boroughs failed to meet current housing delivery targets in the 12 months to June 2017, and, in all cases but Waltham Forest, by a significant margin. When compared against the targets set out in the Draft London Plan it very clearly illustrates the scale of the challenge.

Source: Savills Research, GLA & DCLG



Overall, between the period of 2004/05 to 2015/16, Outer London Boroughs have delivered an average of 11,921 new homes a year⁵. Delivery in Outer Boroughs will need to triple in order to reach the 35,789 new homes a year, which is the Outer Boroughs share of the housing delivery targets set out in the Draft London Plan. In order to effect such a significant increase in delivery, Merton / The Crown Estate consider that a more flexible range of planning measures will be required than those set out in the Draft London Plan, including the ability to amend Green Belt to realise land for housing where it is shown that this is required.

The Capacity of Small Sites

Merton / The Crown Estate consider that the strategy set out in the Draft London Plan has an over reliance on the capacity of small sites to deliver housing. The Draft London Plan attributes a significant proportion (38%) of the increase in housing delivery across London to small sites, which are essentially windfall sites. This is particularly the case for the Outer Boroughs where the proportion of the housing target attributed to small sites rises to 46.5%.

Paragraph 48 of the NPPF and Planning Practice Guidance¹ states that ‘windfall’ assumptions for the projected rate of housing delivery on unidentified sites can be included in assessments of potential housing supply, providing there is ‘compelling evidence’ that such sites have consistently become available in the area and will continue to provide a reliable source. In estimating capacity on small sites the GLA has considered three approaches as set out below:

- Approach 1 - an 8 year windfall assessment based on post-recession trends
- Approach 2 - a longer term 12 year windfall assessment
- Approach 3 - a ‘modelled approach’

Based on the findings of Approach 1, over the period between the financial years 2008/9 and 2015/16, a total of 79,370 homes were delivered on small sites, which equates to 9,921 homes a year. Based on the findings of Approach 2, over the period between the financial years 2004/5 and 2015/16, a total of 129,940 homes were delivered on small sites, which equates to 10,828 homes a year. As such delivery on small sites will need to increase dramatically over current trends if the small sites target of 24,573 homes a year, as set out in Table 4.2, are to be met.

⁵ London Plan Annual Monitoring Report 13

In Approach 3, the modelled approach, the GLA has examined the scope to increase current trends in housing completions on small sites as a result of policy changes proposed in the Draft London Plan, in particular Policy H2 *Small sites*. Once trend forecasting based on historical trends is taken into account, Approach 3 generates a dramatically different estimate to the more evidenced based Approaches 1 and 2. The projected ten year capacity estimates for each approach are set out in the table below.

	Approach 1	Approach 2	Approach 3
Projected 10 year capacity figures	93,710	104,592	245,280

Policy H2 *Small sites* states that boroughs should apply a presumption in favour of the development of small sites for housing. This would apply to infill development and vacant underused sites and residential extensions, conversions and re-builds in areas with a PTAL over 3 or within 800m of a Tube station, rail station or town centre. It also applies to redevelopment or upward extension of flats and non-residential buildings to provide additional housing. Proposals should comply with design codes, which the policy encourages boroughs to prepare. It also states that where affordable housing requirements are applied to schemes delivering 10 units or fewer, it should be based on a tariff approach to off-site contributions.

Merton / The Crown Estate welcome the support that Policy H2 provides for developers of small sites. However, they consider that the Mayor has significantly over-estimated the impact that this policy, and the package of measures outlined in the Draft London Housing Strategy, will have. The modelled approach is a high level assessment of capacity, and whilst it does factor in conservation areas and listed buildings, it does not represent a fully evidenced local level assessment of capacity, such as is promoted elsewhere in the Draft London Plan (see Policy D2 *Delivering Good Design*).

Early indications are that local assessments of an area's capacity do not give rise to such high levels of capacity from windfall small sites. For example LB Newham recently consulted on its proposed Submission Draft Local Plan. As set out in the Options Appraisal document the housing delivery figures from the GLA's emerging SHLAA were taken into account, as well as a detailed borough-wide Character Study. Taking into account the Character Study, Newham gave an estimate of just 1,500 homes from windfall small sites over a 15-year period. Over the same period a further 2,414 new homes are identified on non-strategic site allocations, which might include some developments that fall within the GLA's definition of small sites. Nevertheless, it is clear that Newham's assessment of capacity based on local character falls far short of its 9,500 ten-year target for small sites as set out in Table 4.2 of the Draft London Plan.

Furthermore, the support that the Mayor gives for the application of affordable housing requirements to schemes of 10 units or fewer represents a further viability constraint on their delivery, which could cancel out any benefits of the presumption in favour principle.

To better understand the potential impact of Policy H2, it is worth considering the impact of another recent planning intervention i.e. the changes to the permitted development rights that allow change of use from office to residential. This is a much stronger planning intervention embedded in law and not just policy. The requirements for change of use under permitted development, and the considerations that can be taken into account when determining applications for prior approval, are far less onerous than that of schemes requiring full planning permission, even with Policy H2 in place. Yet despite this, the GLA's own evidence shows that for the 8-year period assessed in Approach 1, just 4,430 new homes on small sites were delivered through office to residential permitted development rights. The majority of these were completed during 2014/15 and 2015/16, which equates to approximately 2,215 a year. Far short of the 14,068 homes a year, which is the difference between Approach 2 and Approach 3 that the GLA is primarily ascribing to the effect of Policy H2.

Overall, Merton / The Crown Estate consider that the Draft London Plan places an over reliance on the capacity of small sites that is unrealistic and not supported by the evidence, particularly in the Outer Boroughs. The available evidence clearly shows that small sites will deliver only a small proportion of homes needed to meet the targets set out in Table 4.2, and it is unrealistic to assume that Policy H2 will have sufficient impact to increase delivery to the target levels. Consequently, Merton / The Crown Estate submit that the Draft London Plan does not set out a strategy that will meet housing need.

The Role of London's Green Belt

Merton / The Crown Estate appreciates the sensitivity associated with Green Belt policy and that the Mayor has made clear his intention to protect London's Green Belt. However, the analysis set out above supports the case for the allocation of some Green Belt land in order to meet potential shortfalls in housing supply. With this in mind it is important to consider the role of the Green Belt policy. As set out in the NPPF "*The fundamental aim of Green Belt policy is to prevent urban sprawl by keeping land permanently open*". This is reflected in the five functions of the Green Belt contained within the NPPF as follows:

- to check the unrestricted sprawl of large built-up areas;
- to prevent neighbouring towns merging into one another;
- to assist in safeguarding the countryside from encroachment;
- to preserve the setting and special character of historic towns; and
- to assist in urban regeneration, by encouraging the recycling of derelict and other urban land.

The NPPF does encourage authorities to look for "*opportunities to provide access; to provide opportunities for outdoor sport and recreation; to retain and enhance landscapes, visual amenity and biodiversity; or to improve damaged and derelict land*". However, first and foremost Green Belt is a land management policy that, by enclosing urban areas, seeks to preserve a clear distinction between 'town and country'.

With this fundamental aim in mind there is a rational argument for reviewing London's Green Belt boundaries. Within the Greater London boundary 22% of all land is designated as Green Belt with fourteen London Boroughs having more land designated for Green Belt than land occupied by housing⁶. Importantly the boroughs with the most Green Belt are amongst those boroughs that are identified for the most significant increases in housing delivery targets.

Furthermore around 60% of London's Green Belt is within 2km of an existing rail or tube station with this figure likely to increase with planned transport infrastructure improvements. This is an important consideration if the Draft London Plan is to meet its sustainable transport objectives of reducing reliance on the private car and improving air quality, and it is particularly relevant to the delivery of the strategic infrastructure needed to support London's sustainable growth, notably Crossrail 2.

Merton / The Crown Estate support the Mayor's commitment to delivering a manifest improvement in London's transport system through the strategic infrastructure projects identified within the Mayor's Draft Transport Strategy. The capital investment required to deliver the aims of the strategy between now and 2041 is significant. At an estimated cost of £32.1bn Crossrail 2 represents a substantial proportion of the capital investment with London committed to fund more than half of the cost. TfL's evidence⁷ provided to the London Finance Commission showed that Crossrail 2 could deliver an extra £9bn in tax revenue and a land value uplift

⁶ London First - The Green Belt: A Place for Londoners?

⁷ Land Value Capture – final report (2017)

of 13.1bn in zones around Crossrail 2 stations. However, underpinning these figures is the premise that one of the main impacts of transport investment is that it unlocks land for development.

In 2016 the National Infrastructure Commission (The Commission) reviewed the extensive work carried out by TfL to support the strategic case for Crossrail 2⁸. Central to the strategic case was TfL's projection that it has the potential to enable the delivery of 200,000 new homes in and around London. Underpinning the housing projection was a series of planning policy changes. In particular: an increased rate of industrial land release; an increase in housing density levels; and

'... densification around Crossrail 2 stations; including, where appropriate in specific cases, the limited release of Metropolitan Open Land (MOL) and Green Belt land.'

The Commission noted that realising the potential of Crossrail 2 to deliver 200,000 new homes is achievable but will require a number of strong measures, including the significant changes to planning policy outlined above. Without such measures The Commission concluded that there is little likelihood of the promised homes being delivered. Having regard to Green Belt/MOL release The Commission noted that

"... the release of limited parcels of such land around Crossrail 2 and connecting stations currently contributes at least 10% to Crossrail 2's housing goal of 200,000 new homes."

Any review of the Green Belt's boundaries needs to be balanced against the benefits of the land remaining designated as Green Belt. However, not all of the Green Belt provides green infrastructure benefits. Around 2% (722 hectares) of the Green Belt has buildings on it and there are also several hundred kilometres of road. Public access land and land that has an environmental designation accounts for only 22% of London's Green Belt. It is particularly telling that the Areas of Deficiency of local or district public space identified in the Mayor's Draft Environment Strategy closely coincide with the areas of London's Green Belt, reflecting the lack of public access to this resource. Allocating Green Belt land for development could therefore deliver new publicly accessible greenspace and contribute towards enhancement and protection of undeveloped parts of the Green Belt as envisaged in the Government's Housing White Paper, paragraph 1.39.

In light of the above, Merton / The Crown Estate maintain that in order to achieve a fully sustainable outcome the London Plan needs to consider among the exceptional circumstances for Green Belt review factors such as:

- ensuring housing delivery targets are met;
- strategic infrastructure necessary to support growth can be delivered;
- achieving sustainable patterns of development and
- enhanced access to green space and the creation of natural environments.

Green Belt Reviews

The evidence therefore requires that a strategy that relies on brownfield land alone will not be able to solve London's housing crisis. This has been the strategy of every iteration of the London Plan and as discussed above, it has consistently failed to deliver sufficient houses to meet objectively assessed need. Indeed this was the conclusion of the Outer London Commission who recommended a strategic review of the purposes of the Green Belt to

⁸ National Infrastructure Commission report: Transport for a World City (2016)

“... reduce London’s reliance on large brownfield sites for housing delivery and help to both increase competition, overall housing delivery and industry capacity.”⁹

Merton / the Crown Estate do not expect the Draft London Plan to identify specific areas of Green Belt release. Any alteration to Green Belt boundaries will need to be carefully considered and justified, on a site by site basis, through the preparation and review of Local Plans as set out in Paragraph 83 of the NPPF. However, Policy G2 *Green Belt* of the Draft London Plan categorically states that the de-designation of the Green Belt will not be supported. Merton /The Crown Estate consider that the Draft London Plan should allow boroughs flexibility to review Green Belt boundaries, if local assessments of capacity find that Green Belt sites are required to meet housing need. As such we suggest the following modification to Policy G2 *Green Belt*.

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

- 1) development proposals that would harm the Green Belt should be refused **except in very special circumstances;**
- 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. It’s ~~de-designation will not.~~ **boundaries should only be altered in exceptional circumstances, through the preparation or review of the Local Plan.**

Our clients would be grateful if the matters raised in this letter could be taken into account when completing the next stage of the London Plan and would welcome the opportunity to represent these views at the Examination in Public.

Yours faithfully,

Russell Smith MTCP MRTPI
Savills Planning

cc: *J. Gloag - Merton College, Oxford*
S. Melligan - The Crown Estate

⁹ Outer London Commission: Removing the Barriers to Housing Delivery 2016