

The Savills logo consists of the word "savills" in a lowercase, sans-serif font. The letters are white and set against a solid yellow rectangular background.

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2 March 2018

Mayor of London
Greater London Authority

Via Email Only:
londonplan@london.gov.uk

Dear Sir / Madam,

**DRAFT NEW LONDON PLAN
REPRESENTATIONS ON BEHALF OF PROLOGIS UK LTD.**

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 Prologis UK Ltd (Prologis). 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.

Prologis is the leading developer and owner of logistics and industrial property in the UK and worldwide. Prologis has been active in the UK since 1998 and in that time has delivered over 40 million sq.ft of industrial and distribution floorspace for a wide range of customers. Prologis provides customers with modern warehouse and production space that is well designed and built to high standards of sustainability. Prologis has the resources and experience to make a significant contribution to meeting the Mayor's objectives.

We set out below Prologis' representations on the Draft London Plan. We have focussed only on those areas of the Draft London Plan that are of particular relevance to Prologis' business and where we can make constructive suggestions to assist with the preparation of a London Plan that is positively prepared to meet the objectives, principles and policies of the 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 representations start by setting out Prologis' comments on the overall approach of the Draft London Plan with specific regard to maintaining a sufficient supply of land and premises to meet current and future demands for industrial and logistics functions. We then set out comments in relation to specific policies regarding affordable housing and the Green Belt.

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East..

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

- Strong support for the policies within Chapter 6 *Economy* that relate to industrial and logistics land and premises (Policies E4 to E7), particularly the process of substitution to ensure that industry and logistics is located optimally;
- The effectiveness of these policies is undermined by setting the affordable housing threshold at 50% in Policy H6 of the Draft London Plan, as this will prevent the delivery of development to consolidate land for industry and logistics.
- In order for the process of substitution to be effective Draft London Plan should allow boroughs flexibility to review Green Belt boundaries, through the development plan process in accordance with the NPPF, if exceptional circumstances exist.

Overall Approach

Prologis welcomes the recognition that industry and logistics play a vital role in the effective functioning of London's economy. They broadly support the principle of no overall net loss of industrial floorspace capacity across London in designated SIL and LSIS. They welcome the support for intensification of industrial and logistics uses and support the processes set out in the Draft London Plan of intensification, co-location and substitution to make best use of land for industry and logistics. They recognise that housing delivery must increase substantially if the new housing targets in the Draft London Plan are to be met and consider that consolidation of land for industry and logistics can play an important role in this.

With this in mind Prologis strongly support the policies within Chapter 6 *Economy* that relate to industrial and logistics land and premises (Policies E4 to E7). In particular they consider that substitution can ensure that industry and logistics is located optimally. However, they consider that as drafted other policies within the Draft London Plan will prevent these policies from being effective in ensuring sufficient and optimally located supply of land for industry and logistics as well as delivering new homes. These policies relate to affordable housing and Green Belt, which we shall set out below.

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

Prologis strongly supports the provisions of this policy and the processes of intensification, co-location and substitution. In particular the process of substitution has the potential to deliver more sustainable patterns of development by encouraging industry and logistics to be provided in the right strategic locations to best meet London's needs. Despite the name SIL designations are often not strategic locations but a consequence of historic designations that simply reflect where industry historically emerged, rather than where it is best located. These locations are often not well connected to the strategic road network¹. Prologis welcomes the support that substitution provides for a joined up approach to ensuring that industry is located optimally to meet London's needs and reduce the impact of HGV movements on the road network and London's air quality, including where appropriate relocating industry beyond London to adjacent areas. We suggest the following modification to positively support this policies effectiveness:

¹Review of the case for Large scale Transport Investment in London (2016)

F Development Plans and planning frameworks should consider, **within their boundaries or** in collaboration with neighbouring authorities within and outside London, the scope to facilitate the substitution of some of London's industrial capacity to **locations better connected to the strategic road or rail network, including** related property markets elsewhere in London and beyond London's boundary where:

- 1) this results in mutual advantage to collaboration partners inside and outside London and supports a more efficient use of land
- 2) full regard is given to both the positive and negative impacts of substitution including impacts on servicing the economy inside and outside London, businesses and customers, labour markets and commuting, supply-chains and logistics, congestion, pollution and vehicle miles
- 3) a clearly-defined strategy for the substitution of future demand capacity and/or relocation arrangements where relevant, is in place to support this process.

Policy H6 Threshold approach to applications

The Draft London Plan states that given the difference in values between industrial and residential development, where designated and undesignated industrial land is deemed acceptable for release, they will be expected to deliver a higher level of affordable housing. As such Policy H6 *Threshold approach to applications*, sets an affordable housing threshold of 50% for SIL, LSIS and other industrial and logistics sites deemed appropriate to release for other uses, compared to the 35% threshold applied to most other forms of development.

In order to consolidate and make best use of industrial and logistics land through the processes set out in the Draft London Plan it is necessary that development comes forward. However, partly as a result of the decreasing supply of industrial and logistics premises, rents and values have increased whilst yields have become ever more competitive and occupancy rates have risen. At the same time residential values are lower in the Outer Boroughs, where a large proportion of London's industrial land is located. Redevelopment carries significant risks that need to be justified against maintaining a good rental stream, if developers are going to make the necessary investment.

Prologis considers that by setting the affordable housing threshold at 50% the Draft London Plan is disincentivising the redevelopment of industrial and logistics land. This will prevent the plan from being effective at not only delivering housing and affordable housing but also at ensuring sufficient industrial and logistics capacity and making the best use of land. On this basis we recommend that the 35% threshold is applied to industrial land through the deletion of Policy H6 Part B (3) and paragraph 4.6.6.

Green Belt

Prologis supports the protection of the Green Belt, which is afforded the strongest protection in accordance with the NPPF in the Current London Plan. However, Policy G2 *Green Belt* of the Draft London Plan categorically states that the de-designation of the Green Belt will not be supported. This goes against the NPPF, which provides clear guidance on how its boundaries should be altered. Paragraph 83 of the NPPF provides that, once established, Green Belt boundaries should only be altered in exceptional circumstances through the preparation of the Local Plan.

Outer Boroughs have seen a very significant increase in their housing delivery targets with the majority seeing increases of over 100%. The Draft London Plan is relying heavily on the capacity of small sites to deliver this

increase in housing. However, the evidence related to the capacity of small sites relies on policies within the Draft London Plan resulting in an increase of around 150%. At the same time the re-categorisation of Boroughs in terms of industrial release means that in most cases they will be unable to allocate industrial land for release, unless alternative sites for designation as industrial land can be found within the borough or in adjoining boroughs. As such it is probable that local assessments of housing capacity carried out through the preparation of Local Plan could identify significant shortfalls in housing supply in the Outer Boroughs.

The ability to carefully consider Green Belt boundaries in the Outer Boroughs will be important if the process of substitution set out in Policy E7 is to be effective at delivering land and industry for premises in the most suitable locations close to the strategic road and/or rail network as well as airports, and away from residential development. This process would then free up existing industrial land in locations that are well connected to public transport and suitable for the delivery of new homes. This would result in sustainable patterns of development that reduce reliance on the private car and improve air quality in residential areas.

Prologis do not expect the Draft London Plan to identify specific areas of Green Belt for release. However, Prologis considers that the Draft London Plan should allow Boroughs flexibility to review Green Belt boundaries, through the preparation or review of the Local Plan process in accordance with the NPPF, if exceptional circumstances exist. As such we suggest the following modification to Policy G2.

- 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,

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Savills Planning