



OLD OAK PARK LIMITED

Written Statement in Response to Matter 13

Old Oak and Park Royal Development Corporation Local Plan Examination

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1. INTRODUCTION

- 1.1 This Written Statement has been produced by DP9 Limited on behalf of Old Oak Park Limited ('OOPL') in response to Matter 13, and should be read in conjunction with the accompanying Written Statements on Matters 3, 4 and 9 and our Explanatory Note relating to the change in OOPL's representations from the Regulation 18 and 19 stages of the Plan.

2. MATTER 13 – WHETHER THE INCLUSION OR EXCLUSION OF LAND FROM SIL IS JUSTIFIED

Background

- 2.1. At Regulation 18 and 19 stages of the consultation, OOPL was supportive of the proposed de-designation of the Cargiant site, Triangle Business Site and Cumberland Business Park (Sites 2, 3 and 28 in the Second Revised Local Plan) from a Strategic Industrial Location ('SIL') and its re-designation for mixed housing and commercial land uses.
- 2.2. For the reasons set out in our accompanying Explanatory Note, OOPL's position on this matter has had to change. The Cargiant business can no longer relocate from its current site within the Plan period as previously envisaged and must now remain in operation on its land holdings. Relocation in the future could only be considered if a viable option for the relocation of the business can be found. This was not the case at the time of the Regulation 18 and 19 submissions.

National Policy and Guidance

- 2.3. The National Planning Policy Framework ('NPPF') 2012 (OSD1) provides guidance to ensure that plan making properly reflects the needs of businesses within the Plan area.
- 2.4. Paragraph 158 of the NPPF states that *"Each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are*

integrated, and that they take full account of relevant market and economic signals.”

2.5. Paragraph 160 states that:

“Local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should (inter alia):

- *work closely with the business community to understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.”*

2.6. Paragraph 161 states that:

“Local planning authorities should use this evidence base to assess (inter alia):

- *the existing and future supply of land available for economic development and its sufficiency and suitability to meet the identified needs.”*

The justification for SIL release at Old Oak

2.7. Policy 2.17 of the London Plan 2016 (OSD27) states at Part A that *“The Mayor will, and boroughs and other stakeholders should, promote, manage and, where appropriate, protect the strategic industrial locations (SILs) designated in Annex 3 and illustrated in Map 2.7, as London’s main reservoirs of industrial and related capacity...”*, and in Part B that *“Development proposals in SILs should be refused unless:”, inter alia, “they are part of a strategically co-ordinated process of SIL consolidation through an opportunity area planning framework or borough development plan document”.*

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- 2.8. The opportunity at Old Oak was first identified through the vision document for Old Oak in 2013, and the Old Oak Common Opportunity Area was identified through the London Plan in 2015. It was combined with the Park Royal Opportunity Area in the London Plan 2016 (OSD27) to become the Old Oak and Park Royal Opportunity Area. The proposal to release SIL in Old Oak was introduced in order to realise the opportunity presented by the new transport superhub in Old Oak South, and to deliver new homes and jobs to benefit from the increased accessibility of the area. The Old Oak and Park Royal Opportunity Area Planning Framework ('OAPF') (OSD30) states at paragraph 3.5 (Principle L1) that *"In accordance with Policy 2.17Bb of the London Plan, it is proposed that SIL is consolidated into the Park Royal as shown in figure 17. The official de-designation process for SIL in Old Oak would be dealt with through OPDC's Local Plan. Requirements for replacement of any resultant loss of SIL should be considered at a strategic level"*.
- 2.9. The release of SIL at Old Oak relies on the consolidation of SIL at Park Royal to provide an overall increase in industrial capacity within the OPDC area. The OAPF identifies at Principle L2 that one of the ways in which the land use strategy for the OAPF will be achieved is through *"managing impacts generated during and after the redevelopment of Old Oak"*. One of these impacts is the need for businesses located in Old Oak to relocate, however we are not clear how the relocation needs of Cargiant have ever been tested or accounted for in the formulation of the Plan. We consider this point later in the Statement.
- 2.10. The Submission version of the Plan (KD1) recognises at p13 that *"regeneration in Old Oak could result in rent increases and increased pressure on infrastructure which if not managed could undermine what makes Park Royal a success"*. However, the Plan does not reference the likelihood of increased

industrial land values, which are relied upon as a key assumption in the Whole Plan Viability Study (SD60) and Affordable Housing Viability Assessment (SD41), as commented on within our response to Matters 3 and 9.

- 2.11. When the principal industrial operation in the Old Oak SIL is a landowner who requires the purchase of a large new site to relocate its business so that the land can be brought forward for homes and jobs, the lack of consideration given to the impact on industrial land values is a significant omission. All levels of policy assume that all industrial capacity to be lost from Old Oak SIL will be ‘consolidated’ in Park Royal. This basic assumption ignores the realities of Cargiant and causes its core strategic vision and spatial policies to be unsound.
- 2.12. Policy E1 of the Local Plan identifies the proposed extent of SIL de-designation in Old Oak. The de-designation is supported by an Industrial Land Review (SD47) first published in February 2016 and an Industrial Land Review Addendum (SD47) dated April 2018.
- 2.13. The Industrial Land Review takes as its starting point the de-designation of SIL in Old Oak. As noted in the assessment of the OPDC’s Sustainability Appraisal undertaken by Jam Consulting (Appendix A to our Response to Matter 3), at no point is there evidence of testing of any scenario (such as ‘do nothing’) other than the proposed release of the Old Oak SIL.
- 2.14. Instead, the report remarks at paragraph 7.14 that *“Above we noted that West London is short of industrial land **and there is little scope to create new sites (our emphasis)**. So there is ample market led demand from industrial and warehousing sites to limit this release or at least seek maximum re-provision of industrial land where sites are redeveloped. However this is unlikely to be a realistic policy response given the significant opportunities generated by HS2 and Crossrail at Old Oak.”* Despite the evidence base identifying the challenges involved in creating a new industrial site back in 2016, OPDC’s policies do not

once address the need for Cargiant's relocation to a new site, and what might happen if that relocation is not possible (i.e. extinguishment or continued industrial use).

2.15. There has also been no consideration given, if a relocation site of circa 18.6ha was identified for relocation, to what would happen to those businesses currently occupying that site given its significant size.

2.16. The Industrial Land Review makes the following conclusions:

- The limited supply of vacant industrial employment land at 2% suggest that additional employment generating floor space would need to come from making more intensive use of the sites (p4);
- There is evidence of a growing shortage of land across London and Park Royal is the largest reservoir of Strategic industrial locations in West London (p5);
- As the stock of Industrial land diminishes the remaining market demand is concentrated on areas such as Park Royal and Old Oak. New occupiers looking for industrial property in London have less choice of location and some well-established London firms have already been displaced to the area by regeneration elsewhere. Reflecting this, occupier demand for the space at Park Royal and Old Oak is strong, vacancy rates very low, rents have been rising (and are the highest in London) and investment yields are also low; and
- Despite increasing market demand and decreasing supply of industrial land in Park Royal there is currently little indication that the industrial development market is looking to intensify industrial sites in London. Indeed, market evidence suggests that when industrial sites are being redeveloped, density is decreasing.

2.17. Under the heading ‘Spatial Scenarios’, the Industrial Land Review states that *“While HS2 and Crossrail provide a new strategic development opportunity in Old Oak, the release of industrial land in Old Oak and the construction sites for HS2 will exacerbate the shortage of industrial land in the area as confirmed by the quantitative and market analyses”*.

2.18. Having undertaken a detailed assessment of the loss of industrial land within the three boroughs that make up the OPDC administrative area, the Review advises that, against a benchmark of 89ha of industrial land that should be released between 2011 and 2031, over 60% of that land had already been lost in the first 5 years, leaving no ‘headroom’ between 2015 and 2031. The report goes on to conclude that:

“In summary, across the three boroughs it is likely that the supply of industrial land over the plan period will fall significantly short of the assessed minimum demand. For prime industrial locations within the area, such as the OPDC area, the result is that demand for industrial land – the amount that would be taken up for industrial uses if made available to the market – exceeds physical capacity, as frustrated demand from the wider market focuses on the remaining land that is still reserved for industry. Thus, for practical purposes there is no limit to the demand for industrial uses in Old Oak and Park Royal. The market evidence in the next section confirms that view.”

2.19. The Report comments at 7.63 that *“In Chapter 4 we calculated that there was only around 35 ha of land left to release. The Old Oak release is nearly 90 hectares of Industrial land. Within the current Industrial Land SPG framework we cannot reconcile this loss. Leaving the three Boroughs to try and re-balance their portfolio to compensate does not appear pragmatic. The release of Old Oak is justified by its strategic significance to London as a whole and this strongly suggests that the GLA needs to re-assess the Strategic evidence as*

soon as possible. The London wide benchmarks need re-evaluating with an appropriate London wide adjustment to take this strategic release into account.”

- 2.20. We note that the strategic significance was established at a time when it was believed that Old Oak South would deliver a significant number of new jobs and homes, alongside Old Oak North, to justify the release of Old Oak SIL. The Second Draft Regulation 19 Plan now acknowledges that much of Old Oak South cannot be redeveloped without very significant infrastructure costs. Cargiant is now also not bringing forward its sites for development. We have provided an assessment of the capacity for new homes and jobs that are now deliverable within the Plan period in our response to Matter 4.
- 2.21. In summary, out of a total of 25,500 new homes and capacity for a minimum of 65,000 jobs that was used to justify the release of a significant area of SIL, only 12,134 new homes and capacity for 32,178 jobs remains. In both instances this is half the original target. In the case of Old Oak, where the SIL release will occur, these numbers fall from 24,000 to 3,419 and from 55,000 to 17,126 respectively.
- 2.22. The strategic opportunity at Old Oak has been missed – Old Oak will not deliver a strategically significant number of new homes and jobs, and consequently the justification for releasing SIL at Old Oak, at a time when there is a London-wide shortage of industrial land, has gone.
- 2.23. Whilst the evidence base to the Draft New London Plan (OSD14) does purport to provide the re-evaluation and updating of evidence required by the earlier Industrial Land Review, and in response the Industrial Land Review Addendum confirms that OPDC has been identified as an authority which needs to ‘provide capacity’ for additional industry, the solution to meeting this additional

capacity illustrates a lack of real understanding or consideration of the specific nature of the SIL at Old Oak.

2.24. The studies identify that there is theoretical additional capacity for industrial floorspace within Park Royal that can be realised through intensification and co-location. As a general approach this is uncertain, particularly given the reluctance to intensify within the industrial sector that is noted within the Industrial Land Review itself. But further these principles do not account for the specific relocation requirements of the Cargiant operation.

2.25. Whilst many of the industrial buildings located in the Old Oak SIL land to be released house smaller scale industrial tenants which can be re-located into more intense models of industrial development, Cargiant cannot. This is due to a number of factors:

- Cargiant owns its own land, and will need to buy new land in order to construct a new replacement facility;
- Cargiant occupies a total area of 18.6ha. All of this land is used for the Cargiant operation, and whilst there may be opportunities to intensify parts of the business through double floors, this is very limited and excludes most of the repair and manufacturing elements because of the loss of efficiency; and
- The layout of the business is very specific and would need to be replicated in order to sustain the business. This includes, for example, the need for a test track that allows customers an unhindered route to test drive new cars, and a complex interrelationship between various different repair and manufacturing processes which allow cars to be made ready for the showroom in the shortest time possible.

2.26. None of this detail has been understood and used by the OPDC to inform its Local Plan policies. This lack of understanding is typified by the Industrial

Estates Study (SD46), which says of Old Oak that *“Today, Old Oak is 105 hectares of industrial and railway land in west London. The area has limited public transport access and is occupied primarily by railway depots, rail lines, waste sites, **and other secondary uses** (our emphasis).”* We note that Cargiant is the world’s largest car dealership and processing plant and a major employer.

- 2.27. As such, the OPDC’s approach to consolidating the Old Oak SIL operations within Park Royal’s SIL does not take account of what is actually required. The Industrial Land Report recommends only that the OPDC *“supports the local industrial economy and businesses by facilitating the relocation of displaced businesses within the area and supporting businesses to capture procurement opportunities from development at Old Oak”*. Given that the Cargiant site is relied upon to deliver 25% of the Plan’s new homes and 15% of its jobs, this policy approach means that the proposed release of SIL in Old Oak will not be effective in delivering the Plan’s spatial vision or strategic objectives.

The needs of Cargiant

- 2.28. Now that a viable relocation option is not available to Cargiant, it needs to remain in operation on its land holdings. However, in order for the business to continue to operate successfully, it needs to be able to improve its premises and landholdings. This requires the retention of the SIL designation, so that the business can operate with certainty and so that it can improve and intensify its current operations to increase the sustainability of the business and contribute towards the social, economic and environmental needs of the local area.
- 2.29. Releasing the Cargiant site from SIL to mixed use as proposed will make it difficult if not impossible for Cargiant to improve and intensify its premises and landholdings in line with its operation. Such an impact is not sustainable.

Cargiant has been a willing landowner to date in attempting to bring forward its site for redevelopment in line with the objectives of the OPDC. It can no longer do so because of the OPDC's actions and failure to secure and support a viable relocation option for it. Its continued operation must now be protected until a viable relocation solution can be found.

3. SUMMARY AND CONCLUSIONS

- 3.1. In order for the Plan's proposed release of SIL in Old Oak to be justified and effective, the Plan needs altering to reflect the following two potential scenarios:
- Cargiant is extinguished in which case a study needs to be carried out to determine the cost of extinguishment, and that cost fed into the Whole Plan Viability Study to assess whether the Plan is viable and deliverable; or
 - An 18.6ha site needs to be identified in the local area, assembled, developed and, most of all, the dozens or hundreds of businesses on that site all need to be relocated or extinguished and the cost of that fed into the Whole Plan Viability Study to assess whether the Plan is viable and deliverable.
- 3.2. This change has not been the subject of any public consultation or sustainability appraisal.
- 3.3. Until the Plan is altered to account for these two possible scenarios, its proposal to release SIL in Old Oak is not justified, will not be effective, and as such the Plan would be unsound.

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