

# **Written Submission from LSE London (London School of Economics, ID485) on Matter M10 for consideration in the Examination in Public of the New London Plan, 2019**

## **1. Introduction and Structure of the Submission**

This submission addresses the first of two related Matters in which the Panel raise questions about whether, as the Plan proposes, the vast majority of London's development needs should be met within London, and (more specifically) through intensification of existing built-up areas there, or whether some of it should and could be better be achieved by accommodating some of the growth elsewhere in the Wider South East (M10) and/or through review of Green Belt within London (M11).

We have formally separated these, as required, though there is a common element to the two questions in terms of how far (and on what terms) the strategy of sustained intensification within London can actually meet London's projected development needs (section 2) in each .

This submission follows on from the one we have made under M1 about the treatment of alternative spatial strategies in the IIA (and by implication in development of the Plan itself), which was very critical of a one-eyed focus on 'sustainable intensification', and the failure to follow up on reports of the FALP Inspector and of the Outer London Commission indicating a need to look wider in order to address the serious (housing) delivery gap evident in the previous series of 'compact city'-based Plans. We try to avoid duplicating relevant material from that submission in the present one (by cross-referencing). Similarly, though a crucial issue for the first part of our submission these two Matters (M10 and M11) is how the 2017 SHLAA evidence on residential development *capacity* is to be understood in relation to this delivery gap, we defer detailed consideration of this question until our submission on M19 (housing supply and targets), referencing forwards where necessary to that (forthcoming) submission.

## **2. The Adequacy of Sustained Intensification as a Strategy for Delivering on London's Housing Needs**

As is well known, the New Plan embodies 'capacity'-based estimates of future housing supply within London during the Plan period which are remarkably close to its estimates of future housing need, but very greatly in excess of what has been achieved over any period under past Plans. There is clear scope for debate about the bases on which the estimates of need (growth) have been made – both in relation to oscillating national projections of household growth and of how past backlog in meeting needs in London specifically should be met. For the purposes of this submission, however, these are of lesser importance than the consistently large gap evident through the Mayoral era between the additional supply that capacity-based measures promise and the much lower achieved levels of new dwelling completion or net additions to the housing stock. We shall discuss the numbers quite closely in our submission on M19, but for present purposes it is sufficient to note that (though net additions have been boosted very recently by exceptional levels of office conversions under PD) dwelling completions in London have fluctuated around 25 thousand p.a. since 2004, with no sign of a trend, which is vastly below the Plan/SHLAA 's capacity-based estimates of increases of 65 thousand p.a.- and also far short of any of the rival estimates of need growth. That is the delivery gap which has to be overcome if this Plan is to work any better than the earlier ones

And, despite a new name, heightened resolve and several sophistications made to the policy, the 'sustainable intensification strategy of this Plan embodies essentially the same ingredients as its 'compact city' predecessors. Whether we have evidence that the (genuinely) new features will actually make much difference will be considered in some detail in our submission on M19 – but the basic answer is 'not really' - which seems also to be message of the passage from the revised Housing Strategy cited in our M1 submission. The Plan itself seems remarkably uninterested in this fundamental question, focusing entirely on whether within standard NPPF conventions supply 'capacity' is in balance with predicted 'need' changes. That really seems a gross evasion of the real housing issues facing Londoners – but serves to suggest that the sustained intensification strategy is adequate on its own, without need to engage with questions about Green Belt or means of active collaboration with other WSE planning authorities.

In developing the Plan some serious attention should have been given to the delivery gap, and specifically to *why* neither:

- the successful build-up of a very large development pipeline during the course of London Plans (with an assessed potential for some 250 thousand potential dwellings) ; nor
- a massive intensification of residential development, with new site densities in London increasing by some 150% since 2000;

has secured substantial increases in the rate of housing completions.

A plausible basic answer is that with long term expectations of an increasingly tight land market across the tightly constrained WSE (as a whole), it makes little financial sense for large site owners to have them developed too fast. The argument in relation to densities is discussed in more depth, with evidence, in our submission under Matter M39, but the relevant fact is that with much higher permitted densities, developers/owners of large sites have been able to secure the same flow of housing (and thus cash flow) from release of a smaller amount of land, with a likelihood also that infrastructure and remediation requirements for other land within their 'capacity' can be advantageously deferred.

But whatever the full explanation, it is a mistake to assume that pushing *intensification* harder and for still higher densities will eventually produce the required rate of housing delivery. If targets are to be met (or approached) it is clear that the *extensive* dimension has to play a substantial part, in terms of opening up more sites beyond the margins of London's own built up area, within the London Green Belt and/or other parts of the Wider South East (WSE).

### **3. The Potential for Collaborative and Sustainable Development beyond London**

The idea of London 'exporting' part of *its* population growth and housing requirements outside its borders is (and has long been) a highly contentious one – especially when consciously planned for in ways other than the creation of a limited number of self-contained New Towns, or negotiated Town Expansion schemes. The beginning of wisdom about this is to recognise that, as a matter of simple fact, there has been a large and continuing net outflow of migrants from London to surrounding areas in the Wider South East, for as long as we have records – and that (even in the post-war decades of planned population dispersal) the vast majority of this has occurred on an unplanned basis, through private decisions. The major role of planning has been to limit the *net* inflow into the Outer Metropolitan ring close to London (notably because of Green Belt restrictions), pushing population growth further out, to the margins of the Wider South East and other more rural areas

beyond. Displacement chains have greatly extended the Green Belt leap-frogging which Peter Hall saw (in 1973) as a perverse effect of containment policies for London. The driver for this process has chiefly been increasing space demands from a more affluent population (in urban areas throughout the region), and latterly from large scale international migration into London particularly. This has continued over the last 20 years, when more explicit constraints on greenfield development have meant that London has actually experienced higher construction rates than the rest of the region.

This sketch of the way that demographics, policy and housing markets interact here covers ground that successive London Plans have avoided making explicit, preferring simply to pretend that the city can deal (on its own) with the space demands generated by a dynamic central London economy, without imposing on its neighbours. One cost of this for the wider region have been a failure to deal coherently and sustainably with the combined opportunities and challenges presented by this dynamism (much of it now occurring in specialised centres well outside London – for example in relation to integrated planning of the extended growth corridors running in and out from London. The other important one – for the whole of this region - has been the impact on younger generations (in particular) and the less affluent (in general) from the continuing inflation of housing costs, driven by a real/recognised inelasticity of housing land supply across the Wider South East.

After these issues had started to be opened up in public as well as professional debate over the past 5 years (including in the FALP Inspector's and Outer London Commission reports) it is quite perverse for them to be buried again by the NLP's renewed complacency about London's ability to handle the pressures on its own – given further intensification *and* hoped-for new powers/finance from central government.

No London Plan on its own can provide a strategic solution for this, and there is (in our judgement) zero chance of any extended metropolitan planning authority or centrally imposed regional plan coming up with this. The answer has to be rest very largely on collaboration among willing partners in a context where incentives are directed toward and against this. Those issues are taken up in our submission on M16.

What the Plan can and should have done is to make a strategic contribution to that process by honest recognition of the likelihood of a repeated delivery gap in relation to London housing capacity/need, and push much further in spelling out how collaboration with sub-regional partners in relation to linked residential, employment and infrastructural development could yield benefits for all. Though building collaborative arrangements needs to be seen as a long term process it is one that should have been pushed substantially further during preparation of the NLP and in elaboration of its strategy. As far as residential development is concerned (as distinct from planning infrastructure priorities) the NLP effectively kicks this back into touch by its insistence that London can cope on its own. Or rather, that the possible collaboration on this issue is essentially a back-stop, to be pursued only if/when the sustainable intensification strategy has demonstrably failed. That is a mistake, wilfully made.

Without preparatory work of this kind it would be meaningless to try to quantify the potential for accommodating additional growth elsewhere in the Wider South East (or to assess how much of that very necessary additional development would be related to 'London' need as distinct from that arising elsewhere in the WSE. But it is certainly much larger than is likely to be achieved by a (desirable) strategic review of London Green Belt. For essentially the same reasons as cited in our M11 submission, a wider Metropolitan Green Belt review ought to be undertaken (with willing partners) as part of this wider planning – in order to produce a recognised long term situation in which a strong, 'greener' Green Belt with secure boundaries was guaranteed alongside an

expectation of sufficient elasticity in future land supply to undermine the incentive to speculative with-holding of existing sites, in London and elsewhere.

#### **4. Conclusion**

As we understand the situation, if this Plan proceeds in its present form a substantial element of the projected additional housing need in London will either be un-met (with poor households priced out of independent occupation) or met in a strategically unplanned way outside London, in less sustainable locations than could have been chosen for it. The Plan will simply fail in delivering what is expected of it – and the opportunity for a collaborative city-regional approach to planning for this region be unnecessarily deferred.