

# Draft London Plan consultation LSE London response



2<sup>nd</sup> March 2018

## Overview

We welcome the emphasis on ‘*good growth*’ (implying making and pursuing qualitative choices) rather than either maximising growth, or treating it as inevitable/outside the purview of London planners and government. However, there is little in chapter 1 which clarifies the factors seen as contributing to good growth, and how policies in the draft Plan can thereby be expected to encourage appropriate sources of growth. We would have liked to see more about productivity as a key contributor to both higher incomes and better quality of life.

The draft Plan is much stronger (and more prescriptive) in relation to *policies* than its predecessors. However it is relatively weak on *analysis, argument, explicitness about choices and use of evidence* (inherently limited inside the Plan but also largely missing from the cited supporting documents). We would like to be reassured that analysis does exist and that it clarifies the expected relationships between policy and desired outcomes.

We welcome the explicit recognition that ‘London is not an island’, but note the continued lack of attention throughout the Plan to *how the city interacts with neighbouring (sub-)regions* and the implications of this interaction.

We are also concerned that the draft Plan pays very little attention to the grounds on which the Inspector at the last Examination in Public of an ‘altered’ London Plan (in 2014) was reluctant to approve it (and indeed would have rejected it but for the fact that otherwise inadequate housing targets would have continued in operation until it could be replaced). The Inspector said the evidence was that “the existing London Plan strategy would not *deliver* sufficient homes to meet objectively assessed need” and that it was necessary “to explore *options beyond the existing philosophy of the London Plan*”<sup>1</sup>.

There is nothing within the draft Plan to indicate that the Mayor has taken this concern directly into account<sup>2</sup> – nor that sufficient homes will now be delivered within London to meet either assessed need or the Plan’s targets. The case for a much clearer analysis of the relationship between capacity - which is properly at the core of the Plan process - and final outputs is strong. We believe the Plan should set out a clearer delivery plan.

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<sup>1</sup> Thickett, A. (2014) *Report to the Mayor of London on the Examination in public of Further Alterations to the London Plan*, Planning Inspectorate, DCLG. Paras 54-58, our emphases.

<sup>2</sup> Though the Outer London Commission did make a clear start on that process in their 7<sup>th</sup> report, on *Accommodating London’s Growth* (OLC, 2016), intended to support a new Mayor’s work on this (scheduled) Full Review.

We note that the Plan distances itself from the NPPF rather more than earlier Plans did, and that it will not be bound by modifications likely to be implemented over the next few months. However, it could be argued that, as the Mayor needs to provide justification for departures from national policy, it would be useful if these divergences were more clearly identified.

We found some policies over-directive. It is vital to have a common strategy to guide borough actions, but this top-down approach sometimes leaves little capacity for boroughs to take account of their own particular circumstances and may reinforce an adversarial attitude which can be counter-productive.

The length of the draft document and lack of clear relationships between its chapters may make it difficult to use. This is unsatisfactory in terms of practical application, and means the policies in various chapters may not add up. For example: if the Mayor wants to see affordable housing built on public land (as per the housing chapter), the land must be available at a low price; however if public authorities are expected to use the receipts from land sales to invest in infrastructure, they will be incentivised to seek a *high* price. Another example is the treatment of environmental issues, which seem fundamental to a good growth policy, but are not dealt with in an integrated manner. We would welcome a more inclusive approach to planning for the environment, including waste management, carbon emissions, green building and biodiversity management in the same chapter.

Conversely, we would disagree that “good growth” necessarily starts with a rigid ‘brownfield first’ prescription. Whilst it is entirely possible that brownfield land provides better and more sustainable growth in many instances, this is not always and everywhere the case. The pursuit of urban densification can, in fact, be detrimental to the environment by creating, for example, urban heat islands. Excluding the possibility of development on highly connected or degraded greenbelt sites could result in decisions that run counter to the creation of healthy, connected and affordable communities.

While we support dropping of a density matrix setting maximum densities for particular settings – since this neither assured good urban form nor adherence to the limits in practice--we consider it very important that the new ‘design-led’ approach is truly design-led and provides protection against developments that are inappropriate in terms of height in relation to local context.

## **Spatial Development Patterns**

The ordering of the draft Plan gives priority to spatial development patterns, which are discussed at substantial length (ahead of related issues about housing, economy, infrastructure, design and transport). However the discussion is couched almost entirely in terms of the specifics of opportunity areas, town centres etc., with very little on the underlying strategy – and nothing on why the specific choice among options was made.

There is clear evidence from the Scoping Report for the IIA (GLA, 2017) and then from the IIA report (Arup, 2017) that spatial options *were* formulated and considered within GLA. The draft Plan is based on the option characterised as ‘sustainable intensification’ – which in essence sticks with the ‘compact city’ philosophy of the two previous London plans, but pushes that rather further (‘sustained intensification’ would be a more informative label). There is no indication in published GLA reports as to why this choice was made.

From the (very brief) discussion in the Arup report, supporting the GLA preference, the distinctively positive feature of this option appears to be that it could satisfy the level of development required –

on its own, without need to engage with any Green Belt release inside London, or collaborative development with partners outside. Neither Arup's judgements nor the GLA's published response are at all specific about this critical point. But since incorporation of either of these other sub-options must have added to any expectations about achievable levels of development, the clear implication is that the 'sustainable intensification' option – as now embodied in the draft Plan – was confidently expected to deliver the required level of development, including (importantly) the required *delivery* of additional housing. This point is clearly critical in relation to the *choice* of the 'sustainable intensification' option as the basis for the spatial development strategy, if not the only reason for favouring it over specific alternatives (given e.g. the Mayor's explicit opposition to *any* development on Green Belt land within London). But this point is not actually clarified within the Plan or its supporting documents.

We note positively that the SHLA (GLA, 2017b) does provides persuasive evidence that the chosen strategy is capable of supporting a housing supply *capacity* (for the first decade of the Plan's operation) very close to the SHMAR's calculation of objectively assessed need (GLA, 2017c). However, although compliant with current NPPF methodologies, objectively assessed capacity is simply not the same thing as (objectively forecast) delivery of extra housing units – either in principle or (as past experience in London indicates) in practice.

We note that the capacity estimates prepared for this Plan *are* substantially higher than those derived in the (generally comparable) 2013 SHLAA. For large sites, the increases are in the range of 30-35%. Our understanding is that this increase largely reflects changes in the density assumptions applied to such sites between (in the earlier round) estimates in the middle of the relevant density ranges prescribed in the Plan's density (or SRQ) matrix to (in the current round) ones reflecting those arising in practice in planning approval cases (at/above the maximum values prescribed in the Plan, with a mark-up in Opportunity Areas etc.). We welcome this shift to greater realism (consistent with recommendations in a density research study for the London Plan Team (LSE, 2016<sup>3</sup>) expected to have broadly this scale of effect). Moreover, since it was based on past practice, it does not imply actual increases in densities as compared with the past, at either approval or delivery stage. It raises capacity estimates without necessarily having any effect on the scale or rate of delivery.

It is important to note that in relation to large sites, the higher capacity estimates are not grounded in projected impacts from policy changes (in the Plan or the Housing Strategy). For small sites, however, where the basis of estimation is statistical, rather than from identified plots, a very much larger proportionate increase in capacity is explicitly based on implementation of the Plan's small sites policy, in relation to infill and conversions. We welcome these policies, which could at least in principle have real and significant impact on housing delivery as well as capacity. However there is considerable evidence that there are more fundamental reasons for the demise of smaller builders and in the absence of evidence, the assumption that a quintupling of output from such sites could be achieved (from 3.7k p.a. average over the last 8 years to 18.7 p.a.) over the first decade of the Plan appears wholly incredible. At the least the impact of these policies needs careful and transparent monitoring.

The (strongly) implied treatment of capacity estimates for the next decade as indicative of the likely 'scale of development' and delivery of additional housing within London, under the sustainable intensification model, suggests that we could expect to see an increase of some 150% in housing completions. Of this the small sites (where capacity and delivery are quite closely related) are expected to contribute 15k, on the basis of the Plan's specific policies for small sites. The balance (an additional dwellings 25k p.a.) must come from large sites, involving an increase of about 160%. Very

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<sup>3</sup> And an unpublished follow-up study in relation to the SHLAA.

little of that might be expected as a consequence of the higher capacity estimates<sup>4</sup>. This suggests that significant increases are anticipated as a result of policies in the Plan and Housing Strategy which are designed to enhance delivery rates. Alternatively - or in addition - some may be expected to come from permitted development, a national policy which is currently resulting in large numbers of dwellings based outside the individual planning permission structure and which the Mayor deplors. As discussed further below in relation to the Housing section of the Plan, no estimates or evidence have been offered of the scale of effects that might be expected, nor of the extent to which these depend upon additional powers and/or finance becoming available particularly to incentivise build-out rates on large sites.

Delivery from both big and small sites is likely to continue to fall well below that implied by capacity estimates and hence also below objectively assessed need. An implication is that housing targets for various areas within London may be quite unrealistic in relation to what boroughs can achieve simply on the basis of a more accommodating attitude to residential development/densities. Other policies, both national and local, are required.

### **Collaboration and Growth Locations in the Wider South East (Policies SD2 and SD3; paras 2.21-2.38)**

We welcome the weight of this section and its evidence of a continuing development of potentially collaborative relations with political leaders in parts of the Wider South East. However we regret that these relations and the strategic issues discussed are scarcely reflected in the more substantive sections of the draft Plan.

The section fits rather oddly between Opportunity Areas and the Central Activities Zone, in a chapter that is generally short of linking argument and sometimes unclear. The significant part of it is in the text following Policy SD3 (which is just a generalised statement of intent). Some of this is unhelpfully understated, indicating twice that (as the underlying population forecasts assume) there will continue to be 'some', non-zero net out-migration from London, without reference to its scale. The substance, however, is that:

- 'as far as possible sufficient provision will be made to accommodate the projected growth within London' (2.31); though
- since (as correctly noted), population projections may be wrong, and real barriers to housing delivery have to be overcome (inside and outside London), it is prudent to plan for other contingencies; hence
- the Mayor is interested in exploring 'with willing partners beyond London' whether there is 'potential to accommodate more growth in sustainable locations outside the capital' (2.3.4).

Although these contingencies are described as 'longer term', those relating to housing delivery must actually apply from the outset (as they have under previous Plans). What will emerge in the longer term is just whether policies yet to be operationalised and implemented will have sufficient weight to overcome the constraints. In our view it is a great mistake to assume that these constraints can be overcome without very much more evidence than so far offered. It is also undesirable to defer

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<sup>4</sup> Between zero and 33% depending on the accuracy of our guesstimate about the part of the increase in capacity estimates between the 2013 and 2017 SHLAAs that simply reflects greater realism in relation to the operational (rather than formal) density norms.

consideration of the city-regional dimension (as the 2014 FALP inspector recommended). What is said in paras 2.3.5 involves some sensible pointers. However, the context in which it is presented suggests that the London Plan has to (demonstrably) fail before it becomes necessary to get down to serious exploration of this strategic option in the mutual interests of London and WSE partners.

## Housing: Chapter 4

As noted above, the **housing targets** contained in the plan are predicated on the view that it is both possible and desirable to accommodate the vast majority of the capital's projected increase in population within the boundaries of the 33 boroughs (although in practice there would be no control over where new households decided to live). The overall target for new homes, and the borough breakdowns, are based on the Strategic Housing Land Assessment, which demonstrates that in principle there is enough land capacity to accommodate these homes. However these numbers must then be delivered, which as discussed above is much more difficult to achieve. The numbers are *not* predictions, but the language of the plan does not make this sufficiently clear.

The plan must strike a balance between having high ambitions for housing production to try to encourage more housing starts, and not creating unrealistic expectations or building-in certain failure. The targets contained in earlier plans, which were much lower than the current numbers, were achieved in terms of planning permissions but not in completions. However Table 4.1 of the draft plan is entitled '*10-year targets for net housing completions*'. Based on historic performance we believe it is extremely unlikely such completion targets will be achieved. ***We suggest the table be renamed '10-year targets for housing approvals' and the discussion make clear that the numbers reflect targets and capacity rather than predictions and outcomes.***

***We welcome the statement that the Mayor intends to intervene more actively in the land market although we also note that powers here are quite limited.*** London's high land costs make it enormously challenging to build significant amounts of affordable housing on land acquired at market value. A meaningful increase in the proportion of new affordable housing—particularly at prices that are genuinely affordable to lower-income households—can only be achieved if developers can secure land at less than current market value. Here the Mayor can make a contribution by exercising his strategic powers to identify and assemble land in suitable locations, and by selling it on at a price that makes construction of affordable homes viable.

The discussion of affordable housing is inevitably compromised, as the Plan must perforce employ the terminology of central government policy; 'affordable rents' that are related to local market rents do little to address affordability in terms of average income. The discussion is further complicated by the GLA's introduction of novel terms and definitions.

Policy H7, 'Affordable housing tenure', attempts to ensure that at least 30% of affordable homes are accessible to low-income Londoners by charging a social rent, with a further 30% at intermediate prices. Tenure and prices of the final 40% are to be determined by individual boroughs. ***This seems like a suitable approach in general, but boroughs should be encouraged to seek as much genuinely low-cost housing as possible in the tranche over which they have discretion.***

***We welcome – cautiously—the threshold approach to planning permission, which is already being implemented.*** Under the threshold approach, planning applications for residential schemes with a minimum of 35% affordable housing (50% on public land) will be 'fast tracked' and will not have to undergo detailed viability assessment. The thinking is that greater certainty about affordable housing

requirements will eventually be reflected in lower land values and speedier development. We understand that the 35% target represents something of a finger-in-the-air reckoning; ***we therefore suggest that the policy be kept under active review to understand the effects of this number on both delivery of market and affordable housing and land availability.*** We are also concerned by the continued inclusion of aspirational targets which reduce the level of certainty.

We are concerned that the 50% target for public land may reduce the amount of public land coming forward. Most public land is not owned or controlled by Mayoral bodies but by other institutions (e.g. the NHS, prison service, Ministry of Defence). Requiring 50% affordable housing will have the effect of reducing the value of plots. Public landowners are often legally required to secure 'best value' when selling capital assets, and the law does allow them to consider social benefits such as affordable housing when determining best value. However widespread pressure on public-sector finances gives many such organisations a strong incentive to maximise financial receipts from sales. Public landowners may well decide to hold their land off the market in the expectation that the 50% requirement will eventually be loosened. ***We recommend that the effects of the 50% requirement on public land be especially closely monitored, and that the Mayor work with major public landowners to develop innovative schemes for bringing forward affordable housing on their land.***

We note that the introduction of these targets prioritises affordable housing over all other potential uses of land-value capture. If this reduces the contributions available for large-scale infrastructure projects it may mean they cannot be fully funded. In general there is considerable 'double counting' (or rather 'double spending') of the potential revenues from land-value capture.

***We welcome the clear definition of Build to Rent development, which captures the essential elements.*** The plan is right to recognise 'differences between Build for Rent and Build for Sale', although the meaning of those words—that residual land values based on capitalised rental streams are lower than values based on sale receipts, and therefore provide less headroom for affordable housing—will undoubtedly be unclear to many. Confusingly, and importantly, the draft Plan itself does not seem to recognise the differences, as the 35% threshold for affordable housing applies equally to build to rent schemes. We think few if any build to rent schemes will be viable with 35% affordable housing, which means all such schemes will have to undergo time-consuming viability testing. This seems perverse since one of the strong arguments in their favour is that they can be built fast. ***We recommend a lower threshold be applied to Build to Rent schemes.***

One topic which is not fully discussed in the draft Plan is the role of permitted development in increasing housing delivery outside the mainstream planning regime. While we recognise the significant contribution currently being made by PD to housing numbers, we are concerned that such development makes no contribution to even basic local social and physical infrastructure (and so requires cross subsidy from other revenue sources). It is unaffected by the Mayor's housing standards, and leads to a loss of commercial capacity which may negatively impact on the good growth targets. We would welcome evidence that the Mayor is in discussion with national government to improve outcomes.

Finally, the requirement to fit more housing within the constraints of London's existing boundaries means intensification is inevitable. ***We welcome the proposals to redevelop and intensify retail parks and large parking lots,*** particularly as ongoing changes in shopping habits challenge the viability of such facilities (cf. the recent collapse of Toys R Us).

## The Green Belt (Policy G2)

Policy toward the London Green Belt is clearly bound up with the issue of spatial development patterns, and with the choice of a sustainable intensification option (in chapter 2 of the draft), both in relation to the idea of selective release within London, and with challenges facing potentially willing partners outside London in accommodating prospective growth there – maybe in areas where Green Belt is a constraint.

In our view it is wrong for the Plan simply to dismiss a review of green belt policy, without a more open discussion of the implications. As the Plan reminds us, “London’s Green Belt makes up 22 per cent of London’s land area”. In a city with a severe housing crisis over one fifth of all land is being immediately ruled out of consideration, even though significant parts may not make real contributions to the green environment

There are social issues at play too that the Plan should recognise. As brownfield land and green belt are not evenly distributed across London, the impacts of intensification and protection are also not distributed evenly. This is further exaggerated by conservation areas that further limit where intensification can happen. In relation to its ‘good growth’ principles, the Plan should take account of the social effects of the uneven distribution of opportunities for intensification on brownfield and preservation of green belt land. In some boroughs with green belt land, an effect is to heavily concentrate the impact of development in poorer parts of the borough. Parallel issues arise at an inter-borough scale. Moreover, in environmental and efficiency terms, we should want to make the fullest use of public transport infrastructure, but green belt sometimes stops us building on land near to Underground stations, as at the eastern end of the Central Line.

While the costs of green belt are ignored, the claims made in its favour are sometimes specious, and certainly not applicable to all areas with this protected status. In relation to recreation, most of the green belt is not accessible to the public because it is private land. Indeed, continued protection of all green belt might well lead to less access to open space if, instead of building on private green belt land, we develop on public sports fields. The Plan should evidence how leaving green belt unreformed will lead to greater access to green belt land. Otherwise we could reform green belt while maintaining those parts that provide public access.

There are similar issues in relation to use of land for food growing (which is meant to be encouraged), but where allotments are put at risk. As the majority of green belt is private land, the Plan should substantiate its claim of the green belt as a resource for local food production by setting out how it will seek to control privately owned green belt land to achieve this. It should set out where in the green belt it plans for this to happen.

Claims that green belt can provide protection against urban heat islands are similarly questionable. Significantly and correctly this is not mentioned in the GLA’s review of the subject, since the research literature shows that heat island effects are localised. Maintaining the green belt is actually likely to create more local heat islands across London as limiting the amount of land available to build on forces much higher density development on the land that is available. These local areas of much higher density development create canyon effects and other features that produce local heat islands. Linking green belt to the prevention of heat islands, appears to be particularly spurious – reference to this should be removed, if it cannot be clearly supported by evidence.

## **Transport**

We welcome the revised parking policy and standards as a sensible contribution to good growth. However it should be recognised that this will have implications for borough finances, as parking fines are one of local authorities' few independent sources of revenue.

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