

INTEND TO PUBLISH LONDON PLAN**Industrial Land Supply**

There is a raft of evidence pointing to the alarming rate at which industrial land is being lost within London; an issue which has catalysed the 'not net loss' approach to capacity embodied within the emerging London Plan. The Inspectors' Panel Report on the same, warns that actually more industrial land may be lost than assumed in the Plan based on earlier studies. Consequently, industrial demand in the capital is outstripping supply, but are the designated employment areas that the Plan is seeking to protect still fit for purpose and attractive to the market? Is co-location, intensification and substitution the panacea?

Firstly, it is important to understand the scale of the issue.

It is understood that there is approximately 7,000 hectares of existing industrial land in London, but 838-944 hectares (12%-13%) of designated and non-designated industrial land has approval, was allocated, or has been identified as having potential for other uses. The Mayor's evidence suggests a reduction of 166 hectares in manufacturing uses over the Plan Period (despite there being a slight increase in demand), whereas storage and distribution uses are expected to require between 280 and 400 hectares depending on assumptions made about plot ratios. But is this enough to accommodate the needs of our growing Capital?

When applying the metric of 69ft² of warehouse space per household (taken from the BPF's 'What Warehousing Where' Report) to the reduced London Plan housing target of 522,850 dwellings, we arrive at a figure just over 36 million ft² of space required over the next 10 years. Looked at in another way, with London being the most mature e-commerce market in Europe, recent research by Prologis has shown that for every £1 billion of online spend, another 770,000ft² of space is required. Added to this is the effect of the Heathrow Expansion, with the associated evidence base highlighting up to a 74% increase in warehouse and logistics floorspace required outside the Airport perimeter to 2040. All of these metrics give credence to the Inspectors' Panel Report's assertion that the requirement could be 'many hundreds of hectares' over the Plan Period. We agree with the Panel Report that it is difficult to arrive at a precise industrial land requirement (given uncertainty over predicting future economic activity and how current vacant land in East London will be re-used going forward). Notwithstanding this, in our view, the quantum of industrial land being planned for falls way short of the mark and is an issue that will be exacerbated by the amount of industrial land that has potential to be converted to higher value uses.

Any solution to this requires a policy-based approach and, in our view, we do not believe the policies contained in the Intend to Publish London Plan, in their current form, can achieve this level of growth.

The Specific Employment Policies**Policy E4 - Land for industry, logistics and services to support London's economic function.**

Whilst there are some positive changes, such as Part A being amended to read "... *future demands for industrial and related functions should be provided and maintained ...*" and a proposal by the Mayor to lend assistance to overcome issues around fragmented land ownership, some eminently sensible amendments to this policy by the Panel have been rejected.

The recommendation to amend the Borough classifications in Table 6.2 of Policy E4 (i.e. retain capacity, provide capacity and limited release) to provide a more positive strategic framework for the provision of industrial capacity has been rejected. So too has the incorporation of additional text requiring individual Boroughs to undertake Green Belt reviews to find new industrial locations (where necessary). The reason given by the Mayor is that the proposed industrial land policy approach, involving industrial co-location, intensification and substitution, is predicated on a 'robust' and 'balanced' underlying evidence base. This has involved modelling approaches reflecting the supply and demand dynamics of the wider property market area. From our experience of reviewing recent London Borough Employment Land Reviews however, the ability to intensify sites is challenging. Only time will tell how successful this

approach is, and its ability to provide a meaningful contribution to housing need from released land or co-location. Inevitably, we also believe this approach needs to be supplemented by Green Belt release especially where large-format storage and distribution uses are required.

In the London Borough of Hounslow, for example, the Employment Land Review (ELR) confirms that only 54,000m² (24%) of the total 222,000m² required could be found from intensification at existing sites and the remainder was identified through Green Belt release. Hounslow's recent Strategic Employment Background Paper (June 2019) states:

"The figures show that, taken together, the two plan reviews deliver almost the entire objectively-assessed need for industrial floorspace (93.9 per cent), and a large portion of the objectively-assessed need for office floorspace (81.3 per cent). Were the plan reviews not to take forward the sites which have been identified in the Green Belt, the borough would fall significantly short of being able to deliver its objectively-assessed need for employment land – these releases enable it to do so to a very large extent.

Nevertheless, with the advent of Heathrow expansion, the requirement for additional employment floorspace could increase significantly, as the figures from the ELR and other studies show. There is thus a risk that more land will need to be provided in this scenario, and this should be kept under review." (Para. 7.5-7.6)

In the London Borough of Enfield, the Issues and Options Consultation document similarly advises:

"It is impractical to suggest that the scale of new employment land required could be found within the existing urban areas and therefore whilst at the same time assessing the land requirements for new housing in the Green Belt we also need to consider what if any industrial land might need to be delivered in the Green Belt if the relevant strategic requirements are to be met." (Para. 6.2.15)

In both these responses, there is a failure to acknowledge the qualitative aspects of industrial land and the locational requirements of growing sectors that are markedly different to more 'traditional' industries (contrary to the NPPF). So, employment designations of old may no longer be fit for purpose and simply ensuring their retention doesn't solve the problem. This is a marker for the potential need to release unfit industrial sites for other uses, such as residential, and identify other more suitable industrial land which may be located in the Green Belt.

The Mayor goes on to state that the Borough classifications are intended to provide a Framework to enable and support innovative ways of providing additional capacity and make better use of existing industrial land. While we recognise that innovative solutions are starting to emerge in response to constrained land supply, in our experience across the UK, these are very much in their infancy and, in our view, cannot be wholly relied upon to provide industrial development at the pace and scale required. Taking Gazeley's Silvertown multi-level scheme as a case in point, ironically it is the GLA's comments around air quality impacts and employee parking numbers that are halting progress on this innovative last mile scheme.

Policy E2 - Providing suitable business space

Here the Mayor has not accepted the deletion of the wording '*at an appropriate range of rents*', advising that this is justified given the relatively high cost of workspaces compared to other areas of the UK, the crucial role SMEs play in the Capital's economy and the vulnerability of smaller occupiers and creative businesses to even small fluctuations in costs.

Green Belt

The Mayor's rejection of the Inspectors' recommendation to commit to undertake a Strategic London-wide Green Belt Review as part of the next review of the London Plan under Policy G2 (London's Green Belt), is due to his belief that

this would pre-judge any future spatial strategy. We believe however, that emerging Local Plan evidence bases signal that that this is required and required now.

Online expenditure is projected to grow with higher parcels volumes linked to housing growth and new large-scale strategic infrastructure projects, like Heathrow, serving as a huge catalyst for growth. In light of this, the suggested amendments to Policy G2 (London's Green Belt), that seek to ensure consistency with the NPPF through explicit reference to the 'very special circumstances' and 'exceptional circumstances' tests, are not only sensible but rather essential prerequisites to the notion of 'Good Growth'. There is simply not enough suitable brownfield land available, the potential for intensification of existing sites is limited and the ability to export needs via the Duty to Co-operate is not possible because adjacent local authorities are in the same boat. The recent *Compton Parish Council vs Guildford Borough Council* Judgment highlights that 'exceptional circumstances arise at a strategic level to alter Green Belt boundaries to accommodate business and employment needs' where there is a lack of urban capacity for new development to be delivered at existing sites.

Whilst the Mayor believes that the reference to the NPPF in the sub-text (Para. 8.2.1) is adequate, there is a danger, in our view, of his rigid policy wording being read in isolation and leading to schemes being delayed or even refused. The same is true of the Mayor's stance on Policy G3 (Metropolitan Open Land) that, again, needs to be made more flexible to align with the NPPF.

The Mayor's comments relating to the value of Green Belt in preventing urban sprawl, driving the re-use and intensification of previously developed land, is not disputed. However, this fails to acknowledge that there are poorly performing parcels of land that do not satisfy the Green Belt purposes, lack ecological value and are well served by public transport that could be used more productively. By failing to make sufficient land available on the outskirts of London, developers/occupiers have no other choice but to find sites in suboptimal locations further afield. This is not conducive to a sustainable pattern of development, and in turn, exacerbates issues such as increased vehicle miles, congestion and pollution, and are at odds with the UK's ambition of being Net Zero Carbon by 2050. It is important to consider the wider supply chain that extends way beyond London and the potential to relieve congestion on the inner-city areas through consolidating loads on the outskirts.

Other Matters

Urban Greening Factor (Policy G5)

Amendment PR39 and PR40 by the Mayor propose positive exclusions of B2 and B8 uses from targeting a Urban Greening Factor (UGF) score of 0.3 (albeit applicants applying for these uses must still set out what measures they have taken to achieve urban greening on-site and quantify their UGF score). However, given many speculative schemes also require permission for B1(c) alongside B2/B8 uses, there is some ambiguity around how the policy will be applied under these circumstances. Further clarity is required in this regard.

Car Parking (Policy T6)

The Mayor has accepted amendments to Car Parking proposed, making it clear that Part L does not apply to the redevelopment of industrial sites which is welcomed, however as with the UGF, we believe the range of uses in the exemption should be extended to include B1(c) uses.

Aviation (Policy T8)

The Mayor has not accepted the Panel's recommendation to delete this policy and its corresponding sub-text, due to its inconsistency with the Airport's National Policy Statement (ANPS). He states that, without it there would be a policy vacuum, and no effective basis for assessing aviation-related development in London. He advises that the proposed policy reaches beyond the ANPS, that is site-specific in nature. The Heathrow Expansion scheme is proposed to be completed in 2026, whereas the London Plan is a spatial strategy up to 2041.

The edited text in Policy T8 states that aviation-related development proposals must include mitigation measures that fully meet their external and environmental costs (particularly noise, air quality and climate change). This raises the question of how environmental cost is calculated.

Also, of note, is that the previous version of the Plan acknowledged the need for additional runway capacity in the south east of England. This has now been deleted and replaced with "*Any airport expansion proposals should not be at the expense of London's environment or the health of its residents. Heathrow airport's current operations are already a cause of concern for hundreds of thousands of Londoners, with its significant noise impacts and contribution to illegal levels of air pollution*".

Next Steps

The SoS now has 6 weeks until the 20th January to advise the Mayor if he is content that the Draft Plan is in conformity with national planning policy and would not be detrimental to the interests of an area outside of Greater London. Unless the SoS provides further comment within this timeframe, or issues a holding direction, it is likely that the Mayor will publish his final London Plan as soon as he is able in early 2020.