

Michael Edwards response on Density M39 3077

Density

M39. Would Policy D6 on optimising density be effective in achieving the intentions in Policy GG2 on making the best use of land and is the policy approach justified especially bearing in mind the cumulative impact on the environment and infrastructure?

Policy D6 *Optimising housing density* is a dangerous mistake. It would remove all numerical controls or advisory upper limits on the density of new housing schemes and would instead regulate density using a 'design-led' approach. Developers would be expected to negotiate with planners in each of the boroughs.

Developers decide how much to bid for a site by residual valuation: estimating the disposal value of whatever they will be permitted to build and deducting their expected costs to reach their sensible bidding limit. The 2 main factors a London housing developer needs to anticipate are the density of the scheme and the percentage of social / 'affordable' housing which will be required. If the development plan is clear about both factors and these policies are expected to be enforced then developers will make sensible bids for sites. If the development plan is imprecise or flexible or if the planning authorities are known not to enforce its provisions then developers will tend to bid too much for sites in the expectation that they can recoup their profitability by negotiating relaxations, often citing 'viability' constraints. This will encourage land price escalation.

Elsewhere (in the context of affordable housing requirements) the consultation draft Plan accepts the importance of discouraging developers from over-bidding and creating land price rises "based on hope value" (§ 4.6.13) but the same logic was not applied to density controls. This is inconsistent and a great mistake. Policy D6 will lead to land price escalation and thus to worsening affordability problems in the entire London housing market and for non-profit producers when they buy sites. Upper limits on density should be retained and enforced.

It is very disappointing, and a further mistake, that the Mayor's response to this inconsistency being pointed out has been to propose (in the Minor Alterations) to delete §4.6.13 !

The grounds for my argument were set out more fully, and with references, in my [March submission](#) and are not repeated here.

The panel asks: In particular:

- . a) **Would the provisions of Policy D6 provide an effective strategic context for the preparation of local plans and neighbourhood plans? Would the detailed criteria provide an effective and justified basis for development management, are they all necessary and do they provide sufficient clarity about how competing considerations are to be reconciled by the decision- maker?**

No. While the policy incorporates a good list of factors which should contribute to the determination of density (capacity) on each site, the multiplicity of factors combined with the absence of any upper-envelope limits to density will make it very difficult indeed for LPAs to develop soundly-based plans and policies, hard for the Mayor to evaluate “general conformity” with the London Plan in a way seen as fair between LPAs and all too easy for developers and their advisers to manipulate decisions in their favour.

Furthermore it would take years before all London’s 35 LPAs have completed plans and Infrastructure Delivery Plans in line with the requirements of Policy D6. In this transitional period a firm context is required.

- . b) **Will leaving density to be assessed on a site-by-site basis compared to the matrix in The London Plan of 2011 be effective?**

No. It threatens to be disastrous for the reasons described above.

Proposal: Delete Policy D6 and replace with:

Residential densities must not fall outside the ranges specified in the Sustainable Residential Quality Matrix [copy it from the previous plan].

In other words, retain the matrix, make it binding, rather than advisory, and make sure it is enforced.

Boroughs/LPAs, in preparing their Local Plans, and those preparing Neighbourhood Plans, must include numerical statements of the upper density limits which will be applied, bringing their local knowledge and views to bear if they seek limits significantly different from those in the London Plan.

Add a commitment in the supporting text along the lines: **The Mayor is conscious of the shortcomings of the SRQ Matrix and will work with TfL and others to refine and elaborate a replacement version, bringing it**

forward for consultation and Examination in the next round of Plan revisions.

Final comment: nothing in this submission could inhibit the high quality design which the Mayor is so keen to promote. By providing greater certainty to market participants, my proposal will damp down land price escalation and thus contribute to the long-run reduction in costs for housebuilding in all sectors, with indirect benefits of reducing the pressure on businesses from runaway residential land prices.

Michael Edwards

Hon Professor (previously Director of the Masters programme in European Property Development and Planning)

Bartlett School of Planning

UCL

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