

OUTER LONDON COMMISSION

SEVENTH REPORT: ACCOMMODATING GROWTH

MAIN REPORT

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MAYOR'S FOREWORD



I would like to take this opportunity to thank the Outer London Commission for three excellent reports which make an important contribution to the wider debate on how London should accommodate and deliver substantial levels of growth sustainably.

The Commission's three reports grapple with the critical planning issues facing the capital now and over the longer-term. This includes:

- speeding up housing delivery on brownfield sites, alongside the provision of essential infrastructure and addressing other barriers to housing delivery;
- accommodating housing growth in a balanced and sustainable way, whilst also maintaining overall economic growth and productivity; and
- working collaboratively with partners in the wider South East.

I commend these reports to any incoming Mayor. They provide sound, independent and sometimes challenging advice to inform the next London Plan and engagement with public and private sector stakeholders on key housing and planning challenges facing the capital.

I also urge Government to consider the Commission's recommendations positively, particularly those which advocate legislative and fiscal reforms and put forward the case for further devolution to London to help enable the capital to address its unique circumstances and foster growth which will also benefit the country as a whole.



Boris Johnson
Mayor of London

OLC FOREWORD



Dear Mayor

Sixth Report of the Outer London Commission

At the beginning of 2015 you asked the Outer London Commission to provide advice to inform alterations and the review of the London Plan, focusing on:

- residential parking policy in parts of outer London;
- possible arrangements for more effective coordination of strategic policy and infrastructure investment across the Wider South East;
- scenarios for accommodating London's future growth; and
- measures to address barriers to housing delivery.

The Commission has already advised you on options for addressing parking policy. These informed your draft Minor Alterations to the London Plan which were subject to an Examination in Public in October 2015, supported by the Planning Inspector, agreed by the Secretary of State and published in spring 2016.

In July 2015 the Outer London Commission met in public in each of the four outer London sub regions to seek the views of outer London boroughs, businesses and other stakeholders on how best to address the remaining elements of your request. Drawing on discussion at these meetings, submissions from stakeholders and other evidence the Commission now wishes to provide advice you requested on the other three issues.

In November 2015, the Commission published its draft report on possible arrangements for more effective coordination of strategic policy and infrastructure investment across the Wider South East. This was timed to inform the second Wider South East 'Summit' organised by yourself, the East of England Local Government Association (EELGA) and South East England Councils (SEEC) on 11th December 2015.

The Commission is now able to publish its final reports on options for accommodating London's future growth and measures to address barriers to housing delivery, alongside its final report on coordination arrangements with the Wider South East.

It is hoped that in the short term the Commission's advice will inform an incoming Mayor on options for accommodating London's future growth; for the medium term the report

could inform a "Towards a New London Plan" type consultation document; and for the longer term it can form part of the evidence for the Examination in Public into the full review of the Plan.

In submitting this report, the Commission would like to thank the boroughs, businesses, voluntary groups, and individuals for their representations. Their contributions have been immensely important to the work of the Commission.

Yours faithfully,

William McKee CBE

Chair of the Mayor's Outer London Commission

EXECUTIVE SUMMARY

0.1 To inform preparation of a new London Plan, the Mayor asked the Outer London Commission to develop three work streams. The first was to explore and advise on collaboration arrangements with the Wider South East; the second was to identify and address barriers to housing delivery; and the third was to examine the challenges London faces from demographic and economic growth pressures, and to identify potential spatial strategies for responding to these in a sustainable fashion. This report presents the results of the third of these work streams.

0.2 In broad terms, the Commission considers that the Plan's current philosophy and some of its policies require extension, including a stronger regional dimension. As they stand they are not in themselves sufficient to ensure that London can continue to develop as a globally competitive city providing an attractive 'quality of life' for its residents (including access to suitable housing). The Commission therefore suggests that in developing a new London Plan, the Mayor takes a threefold approach to accommodating growth through:

- greater efficiencies in the way existing capacity is used;
- sustainable intensification of selected parts of the city; and partnership working to realise the potential of the wider metropolitan region
- partnership working to realise the potential of the wider metropolitan region

0.3 In developing this approach, the Commission considered the economic and demographic trends which are driving change and some of the resultant planning issues which a new London Plan will have to address.

0.4 In essence, currently available data suggest that future London employment growth could run at about a third higher than assumed in the 2015 version of the London Plan (at about 40,000 p.a.) while its population and households continue to grow at or (in the case of population) slightly below the rates assumed then. These would still be well above those assumed in earlier versions of the Plan. Even with slower population growth (of perhaps 65,000 p.a. to 2041) the annual increase in household numbers could still remain at about 40,000. In turn this could mean housing need remaining at around 50,000 pa if the backlog is addressed over 20 years.

0.5 There are many uncertainties surrounding these projections, both in relation to the future trajectory of London employment growth, following the record expansion of some 700,000 new jobs since the financial crisis, and to future levels of migration. But this is the broad scale of growth for which London now needs to plan.

0.6 These trends bear on a range of issues facing the new London Plan including:

- The existing Plan has been successful in bringing forward enough consented housing capacity to address London's objectively assessed need. Approvals have averaged more than 50,000 pa over a decade and the pipeline has grown steadily to 260,000 but only 25,000 pa have been delivered.

- The planning system is likely to have to continue to bring forward this quantum of capacity (and perhaps more), but non-planning factors will have to be addressed if actual delivery is to be increased eg the number of 'active' sites needs to be increased; large sites may need breaking up; site ownership by small and large 'active builders' needs to be incentivised and new 'strategic players' in the housing market need to be encouraged eg 'build to rent' and public sector based housing companies. The Outer London Commission has prepared a separate report on this.
- Housing affordability remains a key economic and social concern and is likely to require a wide spectrum of initiatives including different types of intermediate housing not just the nationally proposed emphasis on owner occupation. Adding the London dimension to national policy approaches to 'productivity', 'devolution', localism, social mix and infrastructure investment requires further thought.
- If London is to remain a successful global and 'local' city a careful balance must be struck between the priority currently given to housing and the long term need for competitive business capacity of different sorts.
- The current assumption that beyond the central office market areas London has a strategic surplus of office capacity needs rigorous re-evaluation. If it still holds true, the Mayor must explore the economic implications of loss of this surplus in an unplanned (PD based) way relative to the planned approach which historically was yielding some 2,000 dwellings pa while retaining affordable business capacity in competitive locations.
- In the same vein, can it be assumed that the London economy as a whole will retain competitive advantage if it continues to lose affordable business space/industrial land at nearly three times the planned rate? Conversely, is a radical review of this benchmark required? Either way, could there be scope for relocation of some of the relatively low value added but essential functions within and beyond London, releasing more 'industrial' land in appropriate locations to provide homes for relatively high value added, service sector based workers.
- Whilst general industrial and logistics uses face specific locational and other planning challenges, the boundaries between other types of employment such as office and light industry are becoming less distinct. The new Plan should be informed by a better understanding of the relationship between the two, and in particular the implications of technology on the workplace, transport connections, the built environment and locational issues.
- The Commission has already advised how retail restructuring provides scope to rejuvenate town centres (especially the medium sized ones) through higher density, housing led, mixed use redevelopment. This needs to be progressed more systematically to realise its full potential.
- More generally, how can these requirements for additional development capacity be reconciled with the need for London to become a more attractive place to live and do business, whether this is in terms of the natural

environment eg air quality, or protecting its much loved cultural and built heritage? How could London's relationship with the wider region evolve in ways which are of benefit to both areas?

0.7 With these trends and issues (and many others) in mind, the Commission has identified a series of strategic options which it believes, in combination, will accommodate London's demographic and economic growth. In developing a strategic framework to address future growth requirements (and opportunities) the development of the new London Plan should examine what each can contribute and how they should best be combined – to the benefit both of London and its partners within the wider region. Based on the three part approach outlined above they include:

1. More efficient use of existing capacity, including:

a) **Making better use of the existing housing stock**: there are 730,000 homes which currently have two or more bedrooms under-occupied. Whilst recognising that many people prefer not to move, there are others whose choice in doing so is constrained. Integrated planning, housing and social support policies can help address these constraints, for example by encouraging more specialist new housing in town centres and other accessible areas, and voluntary housing mobility schemes to enable older Londoners presently in larger houses to move on to more convenient homes nearby. Independent consultants have suggested that small scale measures such as encouraging lodgers or sharing would make better use of existing stock while helping to address the needs of some older Londoners.

b) **Unlocking the barriers to housing delivery:** the Commission's accompanying report on barriers to housing delivery sets out 14 sets of measures which could collectively help to address the various barriers inhibiting housing delivery in London and ensure the capital is better equipped to consistently maintain the necessary levels of housing output.

2. Selective, sustainable intensification within London, including:

a) **Increasing densities in town centres**: the Commission strongly supports a more proactive approach to higher density, housing led, mixed use, comprehensive redevelopment of parts of town centres already susceptible to structural change and likely to be in need of regeneration. The new homes are likely to be at significantly higher densities than their surroundings but could be attractive to some of the smaller households projected to comprise a significant part of overall household growth.

b) **Increasing densities in areas with good public transport:** this approach would link development more closely to transport investment and emphasise the contribution of areas with higher public transport accessibility, especially inner London, to accommodating growth. Scenarios and policy could usefully be developed to assess and realise potential uplifts to development capacity

associated with new major transport investment eg river crossings, Gospel Oak to Barking Line Extension, Northern Line Extension, Bakerloo Line Extension, Crossrail 1 & 2 and Overground 2 within London.

c) **Intensification Areas, Opportunity Areas and Housing Zones**: the Commission is very aware that preparation of Development Frameworks for Opportunity Areas has already proved an important mechanism for identifying additional development capacity. Identification of new Opportunity Areas should remain a priority for the development of the new London Plan. Greater Mayoral support in working up and implementing Frameworks for Intensification Areas may enable them to realise their potential or even be taken forward as Opportunity Areas. This should be complemented by a more rigorous search for additional Intensification Areas. Housing Zones were formally recognised after the EiP of the 2015 London Plan and are currently funding delivery vehicles. These will be an important source for additional capacity in the future.

d) **Suburban intensification**: The Commission supports the selective intensification of some suburban areas with reasonable public transport connectivity eg PTAL 3-4, through a variety of local incentives, especially in outer London. These could range from encouragement of traditional or 'upward' residential conversions through to 'block based' redevelopment focused on suburbs in need of regeneration.

e) **Estate renewal:** combined with 'street based' development this approach has attracted considerable attention nationally. It is already an established source of capacity in London. There are challenges in bringing schemes forward, at least as a short term measure eg in terms of the impact on existing residents, the likely continuing importance of these areas in meeting the need for affordable housing and the phasing of development. The Commission believes these challenges can be overcome with careful planning, design and management. In developing a new London Plan, the Mayor should consider estate renewal as having particular potential to make a medium to long term contribution to meeting housing need. For the short term, the Mayor should continue to build up a more comprehensive understanding of the number of estates in London, identifying those which are practical propositions for renewal.

f) **Industrial and commercial relocation:** the Commission is concerned that London should not lose capacity for 'industrial' type functions which are essential to its wider economy. It is also mindful that views on just how much industrial land can be released without causing harm to London's economy are based on dated research. It considers that there is a need for a firmer understanding of the importance of industrial land for the London economy as a whole, particularly in relation to specific locational factors, and of its relative economic importance compared with that if used for housing. Account should also be taken of industry as a source of local employment. With this understanding it should be possible to come to a view as to whether there may be scope for some relocation of functions either within London or beyond

through partnership working with the rest of the South East (see also 3c below).

g) **Co-location of housing and industry:** a range of views were put forward on the scope for co-location of housing and industry within London to provide a strategic increment to housing capacity. Whilst the Commission believes there may be some types of light industry where co-location maybe acceptable, it advises that this should be approached cautiously as the introduction of residential uses within or even on the edge of industrial areas, particularly those sites with strategic infrastructure, can compromise their distinct functions. It believes there needs to be a better understanding and distinction between the types of businesses or uses that may be appropriate for co-location.

h) **Selective release of the Green Belt within London:** the Commission has noted a number of suggestions for review/release of Green Belt land, together with broader proposals for changes in Green Belt policy. It is mindful of the range of concerns which such proposals generate, not least as an alternative to other sources of housing capacity; that change might significantly weaken protection of valued environmental assets; or that incremental review might lead to a piecemeal erosion of the Belt.

0.8 The Commission is aware that a number of Green Belt reviews have already been undertaken within and around London but not generally in a co-ordinated way. Given this, it considers that there should be a comprehensive review of the London Green Belt to assess how it addresses national policy principles in the unique circumstances of the city and in terms of London's anticipated growth. It recognises that national policy makes such reviews a local matter and it therefore suggests that the London Plan should provide a strategic methodology/principles to coordinate such local reviews on a consistent basis. This could take into account 'London specific' factors such as Growth Corridors, the Plan's emphasis on land use/transport integration and its distinct approaches to housing density and environmental quality.

i) **Airports as catalyst for growth:** while this is clearly a major urbanisation issue and has significant social, economic and environmental impacts, the Mayor's position on an estuary airport and government's awaited response to the Davies review make it difficult to provide advice at this stage. Wherever a new runway is finally located, it will provide an extra incentive for integrated sub-regional planning including across the boundary. Of itself this is unlikely to yield large volumes of housing although it will impact on the economic and spatial structure of the city.

3. Partnership working to realise the potential of the wider metropolitan region, including:

a) **Growth Corridors, linked to public transport, within and beyond London:** having already advised on a new structure for more effective coordination of strategic policy and infrastructure investment across the Wider South East, the Commission is aware of both a series of shared issues/opportunities and

of sensitivities (on all sides) about getting more closely involved. In relation to earlier versions of the London Plan this led to missed opportunities to pay more explicit attention to cross-boundary interactions, and realise the potential for collaborative initiatives to promote growth, as in the 'Corridors' identified in the current London Plan, and figuring also in the Infrastructure Plan.

0.9 The Commission welcomes the fact that more stakeholders now acknowledge the potential for mutual benefit in developing the relationship between London and parts of the wider region. This relates to the potential complementarities in business and transport provision, as well as the established housing and labour market linkages. The corridors are an important example of strategic features of significance to all parties. 'Volunteers for growth'/'willing partners' should explore how practical substance, eg through the Mayor's roles in rail franchises and fares structures, can be given to some of what have been semi-dormant ideas for 'growth'/'coordination' eg London-Stansted- Cambridge corridor; Crossrail 1 extension in north Kent and proposals for Crossrail 2, HS2, Norwich in 90/Ipswich in 60, C2C, Cambridge 4 tracking. These offer an encouraging base and example of ways forward.

0.10 The Commission recommends that, as a principle, the new London Plan should take account of the growth potential of existing and possible new Growth and Coordination Corridors within and beyond London, and seek ways of developing collaborative strategies for them.

b) **Working with partners to help co-ordinate selective release of metropolitan Green Belt beyond London:** the Commission considers that the same principles should apply to review of the metropolitan Green Belt beyond London as they recommend should apply to that within London. The Mayor should provide a strategic input to this work. Given the emphasis in national policy on reviews per se being the responsibility of local authorities, the Commission suggests that the Mayor could best 'add value' by working with willing partners to develop a strategic methodology/principles to inform local reviews on a consistent basis eg to take into account strategic transport investment and new or existing growth/coordination corridors proposed through the new London Plan.

c) **Industrial and commercial relocation beyond London:** as with the potential scope for relocation of industry within London outlined in 2f, there may be potential for relocation of industry beyond London in the wider metropolitan area to free-up selected industrial land within the capital for housing. This will require a detailed understanding of the importance of industrial functions and land for the London economy as a whole and the locational factors which bear on this. Due to the potential distances involved, it will also require a clear appreciation of the business and environmental costs, particularly the transport implications.

d) **Selective intensification/extension to existing settlements and development**

new settlements with good public transport connectivity to London: the Commission agrees with suggestions that, working with 'willing partners', consideration be given to the potential contribution of intensification/renewal in some existing towns in the wider metropolitan area which need regeneration and have good access to London; and to urban extensions or even new settlements such as those being considered in north Essex, Brentwood and Ebbsfleet. In addition, consideration could be given to including these proposals in a wider, non-statutory regional planning 'narrative', and exploring how the London Plan might support it.

CHAPTER 1:

INTRODUCTION

1.1 London is experiencing significant population and employment growth, with projections of an additional 3 million people by 2050, reaching 10 million by 2031 and 11.4 million by 2050[1]. London's employment is projected to exceed 6.3 million jobs by 2050. However, London's economic success and global competitiveness depends heavily on an efficient labour market and this in turn requires an appropriate supply of housing to sustain it.

1.2 The degree to which London's competiveness is eroded by rising costs and/or deterioration in the quality of life depends to a large extent on the way additional growth is accommodated. For example, businesses make informed decisions about whether the benefits of operating in London outweigh the costs. Similarly, workers make decisions about whether the benefits of working in London (e.g. higher wages or better career opportunities) are sufficient to compensate for the costs (e.g. higher cost of living, longer commuter journeys, quality of life). If businesses find it harder to recruit skilled workers, to find suitable work premises, or to move goods, services and people around then they may reconsider their location in London and look to alternative cities in the UK or abroad. It is vital therefore that there is sufficient employment space of the right type and of appropriate quality, at commercially viable prices, to sustain current and future forms of economic activity and growth.

1.3 Ensuring a sufficient supply of quality homes, of the type that people desire and can afford, in the right places for residents to access those employment opportunities, as well as necessary services and amenities, is also of fundamental importance to London's global success and the quality of its offer to a competitive workforce. However due to the scale of growth expected and the limited supply of land, there is an inherent tension between the delivery of housing versus employment and competition between the two can impact on the spatial and economic structure of the city.

1.4 How London will accommodate this growth is fundamental to the preparation of the new London Plan. The Commission believes that Plan's current philosophy and some of its policies require extension, including a stronger regional dimension and we have concluded that in order to ensure London remains a globally successful city and provides a high quality of life for its residents, it is essential that options for accommodating that growth are based on the following threefold approach:

- greater efficiencies in the way existing capacity is used;
- sustainable intensification of selected parts of the city; and
- partnership working to realise the potential of the wider metropolitan region

1.5 The details of the options under these 3 approaches are set out in Section 4 and

[1] Mayor of London (2015), London Infrastructure Plan 2050. A consultation.

form the substantive part of the report. The Commission believes that the options are not mutually exclusive and all can make a contribution to meeting London's economic and demographic growth.

1.6 There are a number of contextual issues which have also impacted on our consideration of these options and we discuss these first. Given their importance and influence, we have also made some recommendations on them.

1.7 In compiling this report the Commission has drawn on a range of sources over and above representations made through its 'meetings in public'; a list of which are set out in the bibliography. Whilst not losing our focus on outer London, this investigation has required the Commission to look at the whole of London.

CHAPTER 2:

CONTEXT

International Comparisons

2.1 To provide some context as to the challenges London faces, the Commission has considered the growth and other challenges facing broadly comparable 'world cities' and their approaches to managing them. In 2013 Oxford Economics[2] assessed population change in cities through to 2030. Of the 50 fastest growing cities, London was ranked 39th. The list is dominated by those in Asia and Africa, so compared to cities in these developing nations London does not appear to face a substantial problem. However, in comparison to other cities in advanced economies, and especially those in Europe, the pace of change in London (2.3m) appears substantial at more than double the level projected for the next fastest growing European city (Paris at 0.9m), and over four times the rate anticipated in Madrid (3rd on the European list at 0.5m).

2.2 Lists of 'World Cities'[3] in advanced economies which are broadly comparable to London usually include New York and Tokyo, with perhaps Paris and Berlin in Europe and Singapore and Hong Kong in Asia. To differing degrees they face many similar challenges, the biggest of which is usually housing. Others include provision of employment capacity and infrastructure (both physical and social), tackling climate change and addressing social issues such increasing inequality and an ageing society.

2.3 For long seen as demographically more dynamic than London, New York's population growth has actually been slower (34,000 pa 2000-2014) than London's (87,000 pa 2001 -2011) although in relation to other cities in the US, New York is considerably more densely populated[4]. The 'One New York Plan' (2015)[5] estimates that its population will rise by 0.6m to 9m by 2040 - significantly less than the 1.9 mll increase to 10.1 mll projected for London 2011-2036. In the next decade New York is seeking to build 24,000 dwellings pa, again significantly less than the 49,000 pa envisaged in the 2015 London Plan. However, its projected employment growth is similar to London's (c42,000 pa), though its starting point is 4.2 million jobs compared to London's current 5.6million.

2.4 New York's growth will be achieved in part by the redevelopment of 100 large brownfield sites. These are being prepared for development by either public sector investment or by rezoning them to facilitate higher densities, increased development viability and private sector investment. As in London, housing will be promoted in and around subway stations with rezoning to promote mixed use development with residential development above commercial space. In terms of infrastructure, there are 15 major transport schemes (more than $1bn) identified in New York, with a further 64 other infrastructure projects each costing more

[2] www.oxfordeconomics.com/Media/Default/landing-pages/cites/oe-cities-summary.pdf

[3] LPAC. London World Citiy. HMSO 1991

[4] http://furmancenter.org/files/sotc/NYUFurmanCenter_SOC2014_HighRes.pdf

[5] http://www.nyc.gov/html/onenyc/downloads/pdf/publications/OneNYC.pdf

than $200,000. In terms of the economy, as with London and the UK, New York's economic recovery since the recession outpaced the country as a whole with an 11.5% increase in jobs between 2009 and 2014, compared with only 6.1% nationally.

2.5 Despite its overall prosperity New York experiences high rates of poverty and growing income inequality. Similar to London, low income New Yorkers struggle with the high costs of living. Coupled with this the supply of housing has not kept pace with the increase in population, leading to a severe lack of affordable housing, further exacerbating quality of life issues. [6]

2.6 Tokyo also faces some but not all these issues, albeit on a much larger scale. Depending on which figures are used Tokyo's population is around 13m (2014) but it has a metropolitan area with a population of over 35 million London and its 'Homes Counties' (London, Essex, Hertfordshire, Kent and Surrey) contain c14 million and the Wider South East region (London, East and South East regions) contains c23 million[7]. However Tokyo's growth is currently static and expected to fall post 2020[8]. Its current approach to development is similar to New York and London, seeking to redevelop the areas around new transport links for high density development and to release public sector land for intensive redevelopment[9]. A number of these areas are planned through publically drawn up master-plans, the equivalent of the Opportunity Area Planning Frameworks found in the London Plan. Particular examples, such as the links between Haneda Airport and the area around Shinagawa station, and the expansion of stations like Shibuya, have obvious parallels with the Old Oak and Park Royal Development Corporation, where the Old Oak area is planned to be completely redeveloped to take advantage of its improved connectivity with the introduction of Crossrail (due to be running in 2018) and later on, HS2. In terms of tackling climate change and air quality, Tokyo is promoting 'Kankyojiku', the equivalent of the All London Green Grid, which seeks to expand the network of green infrastructure through implementation by the private-sector. When areas are redeveloped, high density development is providing land for public parks and green corridors.[10]

2.7 Although facing lower levels of growth, both Paris and Berlin are taking similar approaches to London, New York and Tokyo in accommodating it. Berlin itself has a population of 3.5 million and is surrounded by the state of Brandenburg (2.5 million). The city was growing by less than 10,000 pa in the decade to 2010 and is expected to expand by just over 250,000 between 2011-2030. It seeks to accommodate this growth through the intensive redevelopment of 10 large brownfield sites (known as Transformation Areas) and by encouraging higher

[6] http://www.nyc.gov/html/onenyc/downloads/pdf/publications/OneNYC.pdf

[7] ONS 2014 mid-year population estimates

[8] http://www.metro.tokyo.jp/ENGLISH/ABOUT/HISTORY/history03.htm

[9] http://www.toshiseibi.metro.tokyo.jp/pamphlet/pdf/udt2011english.pdf

[10] http://www.toshiseibi.metro.tokyo.jp/pamphlet/pdf/udt2011english.pdf

density redevelopment of existing sites, particularly in inner urban areas. However, unlike in London, when a Berlin developer seeks a density above the approved range permission is given if the 'excess' provision is affordable housing. Berlin is also ahead of London in terms of becoming a 'climate neutral' city. This is mainly through energy efficient buildings, a climate friendly energy supply, and largely sustainable lifestyles behaviours from its inhabitants[11].

2.8 Like Berlin, Paris has much lower growth rates than London; with a population of only 2.2 million in 2014, it increased by 11,000 pa between1999 and 2010. However, it should be considered in its city region context which has a population of 12 million[12]. Paris intends to redevelop seven large brownfield sites, but even with much lower growth rates it is intending to release 300 hectares of greenfield land in the wider Île-de-France area to ease the pressure. Paris already has the equivalent of five Crossrail style lines running through the city and is proposing another one running from Orly Airport in the south through central Paris out to St. Denis in the north. Paris has partnered with France's national railways SNCF and the city transport body RATP to build 2,000 homes (50% of which are for social rent) on unused railway land within Paris proper. There is also a programme for 30bn Euro project for 205 km of new metro/station upgrades anticipating higher levels of density of development in these new/refurbished locations.

2.9 Singapore and Hong Kong's respective populations (5.4 million (2014[13]) and 7.19 million (2013)) are also smaller than London, however are expanding at a faster rate (Singapore by 1 million to 2030[14] and Hong Kong by 1.4 million to 2041)[15].

2.10 Hong King has a housing target similar to London at 48,000 pa over a 10 year period[16]. It also faces an aging population with over 65 year olds accounting for 14 per cent of the total population in 2013, rising to 30 per cent in 2041. In terms of development, there is an emphasis on sustainable development through identifying an adequate supply of land. With one of the highest population densities in the world at 6,500 people per sq km, this has mainly been achieved through the development of 9 New Towns (built in 1970s - 1990s) which currently have a population of 3 million and will continue to be an important source of land supply. Hong Kong also identifies New Development Areas (similar to London's Opportunity Areas) which have the potential to deliver 60,000 homes and 37,000 jobs with an emphasis on the environment and quality living. Hong Kong's policy approach to accommodate growth is based on optimising the use of land and

[11] http://www.stadtentwicklung.berlin.de/planen/stadtentwicklungskonzept/download/strategie/BerlinStrategie_Broschuere_en.pdf

[12] http://www.iau-idf.fr/en/paris-region/portraying-paris-region/key-figures.html

[13] http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/reference/sif2015.pdf

[14] http://www.mnd.gov.sg/landuseplan/e-book/index.html#/12/

[15] http://www.pland.gov.hk/pland_en/press/publication/ar_15/ar_15/en/ar2015_en.html

[16] http://www.pland.gov.hk/pland_en/press/publication/ar_15/ar_15/en/ar2015_en.html

identifying new sources such as the reclamation of land around Victoria Harbour, and the development of brownfield land and deserted agricultural land[17].

2.11 Singapore's housing target is 700,000 by 2030, of which 200,000 is already in the pipeline - this equates to 23,000 pa. To meet this and other land use requirements, Singapore's strategic plan estimates it will need an additional 5,100 ha of land[18]. As land is scarce in Singapore, the policy approach is to maximise its use efficiently in high rise and high density buildings. In addition, land is set aside to provide options beyond 2030 to meet further future growth requirements. As well as the reclamation of additional land, the development of reserved land, intensification through redevelopment, and recycling land with lower intensity of uses such as old industrial land and golf courses, the Singapore plan also looks at growth corridors extending outward in line with the approach proposed for London[19].

2.12 In summary, the majority of world cities are looking to accommodate population growth through a mixture of brownfield development and focusing new housing around existing or future public transport corridors. Some cities are also looking at building beyond the urban extent on green field. London therefore has a similar strategy to accommodating growth as other world cities but the pressures in London are greater due to the quicker rate of growth.

Demographics

2.13 Compared with other world cities in advanced economies, the scale of growth facing London is generally higher, though views on the extent of this growth vary. For example, drawing on Cambridge Econometrics projections Atkins[20] suggest that London's average long term population growth could be in the order of 120,000 pa – a figure which has been recorded recently through ONS Mid Year Estimates. The 2011 Census suggested that London's population had been increasing by an average of 87,000pa across the previous decade, substantially more than the c50,000 pa assumed previously and planned for in the 2011 London Plan[21].

2.14 However, the 2001-2011 average does not distinguish between longer term trends and what might have been a relatively short term/cyclically generated down turn in domestic outmigration (associated with the recession of the late 'noughties') which in turn contributed to a substantial but perhaps short to medium term increase in population growth. Neither does it take account of

[17] http://www.pland.gov.hk/pland_en/press/publication/ar_15/ar_15/en/ar2015_en.html

[18] http://www.mnd.gov.sg/landuseplan/e-book/index.html#/12/

[19] http://www.mnd.gov.sg/landuseplan/e-book/index.html#/12/

[20] Atkins. Future Proofing London. Our world city: risks and opportunities for London's competitive advantage to 2050. 2015

[21] Mayor of London The London Plan 2015

the influence of projection methodologies on our understanding of long term trends. The GLA and ONS/CLG projections are independent of non-demographic variables whereas Econometrics' model is linked to employment growth. In addition, one of the GLA projections takes account of long term demographic trends rather than just the 5 year trend on which ONS current depends (and which therefore emphasises the effects of the recent recession).

2.15 To address these uncertainties, the 2015 London Plan is informed by a range of population projections (64,000 pa – 88,000 pa) with a central scenario averaging 76,000 pa to 2036. This suggests that London's population is likely to continue to increase by a further 1.8 million, or 22 per cent, putting it at over 10 million by 2036[22] and, and if this trend is rolled forward, over 11 million by 2050[23]. More recent (2014 based) interim projections to 2041 suggest the average future level of growth may still be within the 2015 Plan range but towards the lower end 65,000 pa[24]. Even under this scenario the London total would still reach 10 million by 2036.

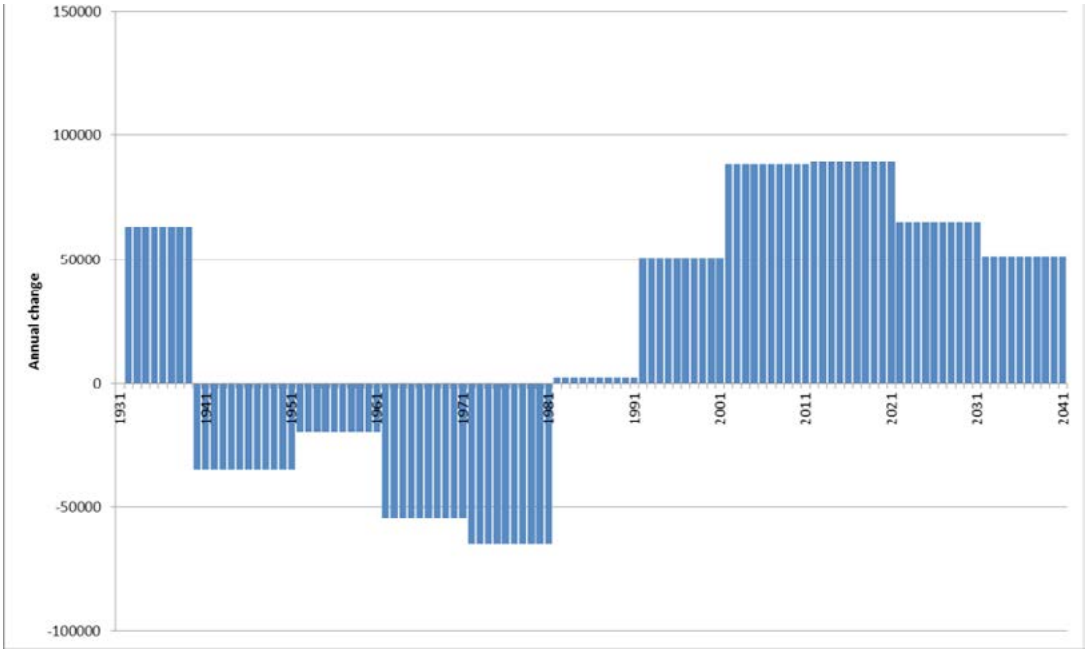
2.16 Monitoring the early years of this trajectory (see Figure 1) against 'actual' population growth (as indicated by a limited number of recent ONS Mid Year Estimates) suggests that it is robust. However, annualised growth, when projected on the basis of the established ONS/GLA methodology, reverts to long term trend and an abatement in the levels recorded recently and during the recession. Some commentators have suggested that this reversion to long term trends requires a 'reality check' and the Commission advises the Mayor to continue to monitor the trajectory closely, as well as to continue using demographic scenarios to inform the Plan review. The Commission also advises CLG and ONS to produce variant projections which take into account longer historic time series that span economic cycles.

[22] Mayor of London. The London Plan 2015

[23] Mayor of London, (2015), London Infrastructure Plan 2050. A consultation.

[24] GLA trend-based population projections, long-term migration scenario

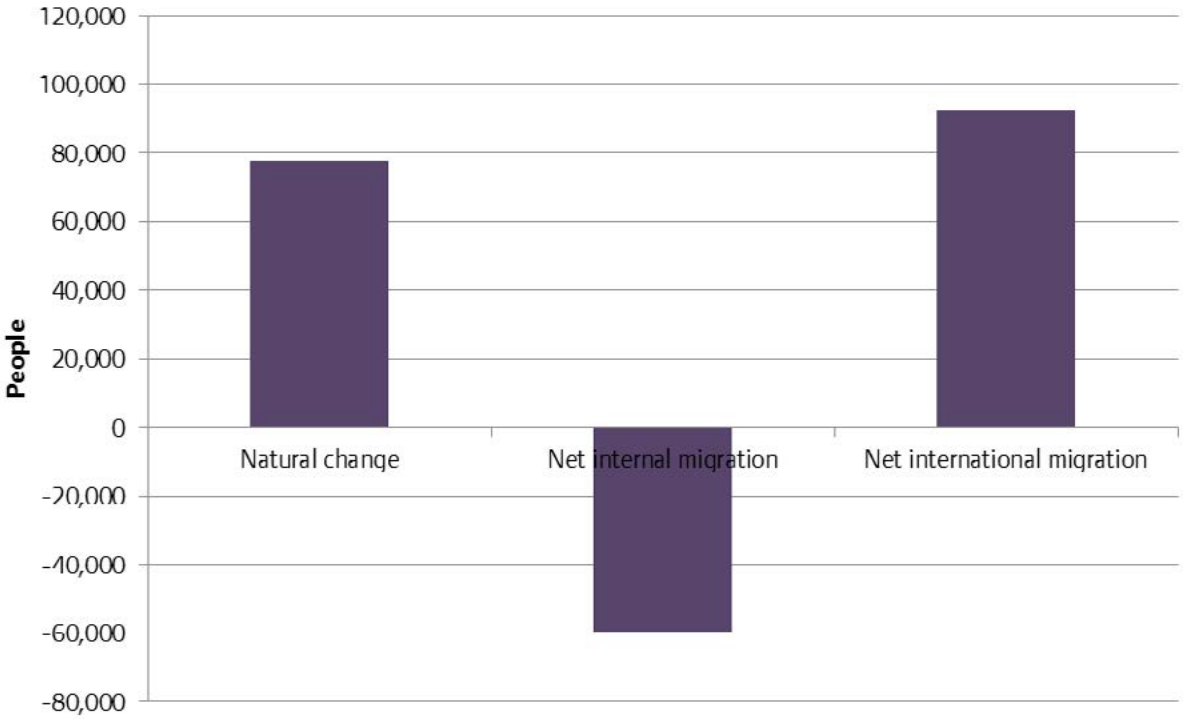
Figure 1: Historic and projected population 1931- 2041



GLA 2014 round population projections, ONS mid-year population estimates

2.17 London's population growth is a function of the complex interplay of international and internal migration and natural change (Figure 2).

Figure 2: Components of demographic change: average 2005 - 2014

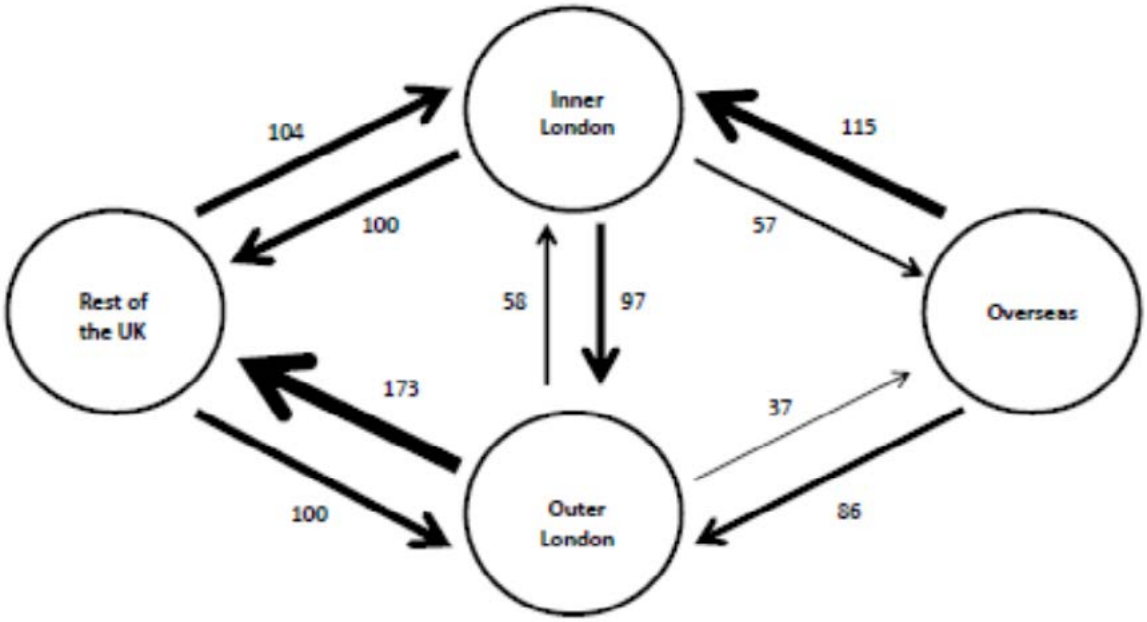


GLA Draft Economic Evidence Base 2016: ONS Mid-year population estimates

2.18 Natural change, a function of age structure, has been a sustained contributor to population growth (c80,000 pa). Though births may have peaked (134,000 in 2012), their impact will be felt into the future as these cohorts move through the education system before entering the world of work.

2.19 This high level of births reflects the relatively young age profile of internal and international migrants. Figure 3 shows the flows of these, especially to inner London, thence to outer London and so to the rest of the country (mainly to the rest of the SE – see Figure 5).

Figure 3: Migration flows mid 2014

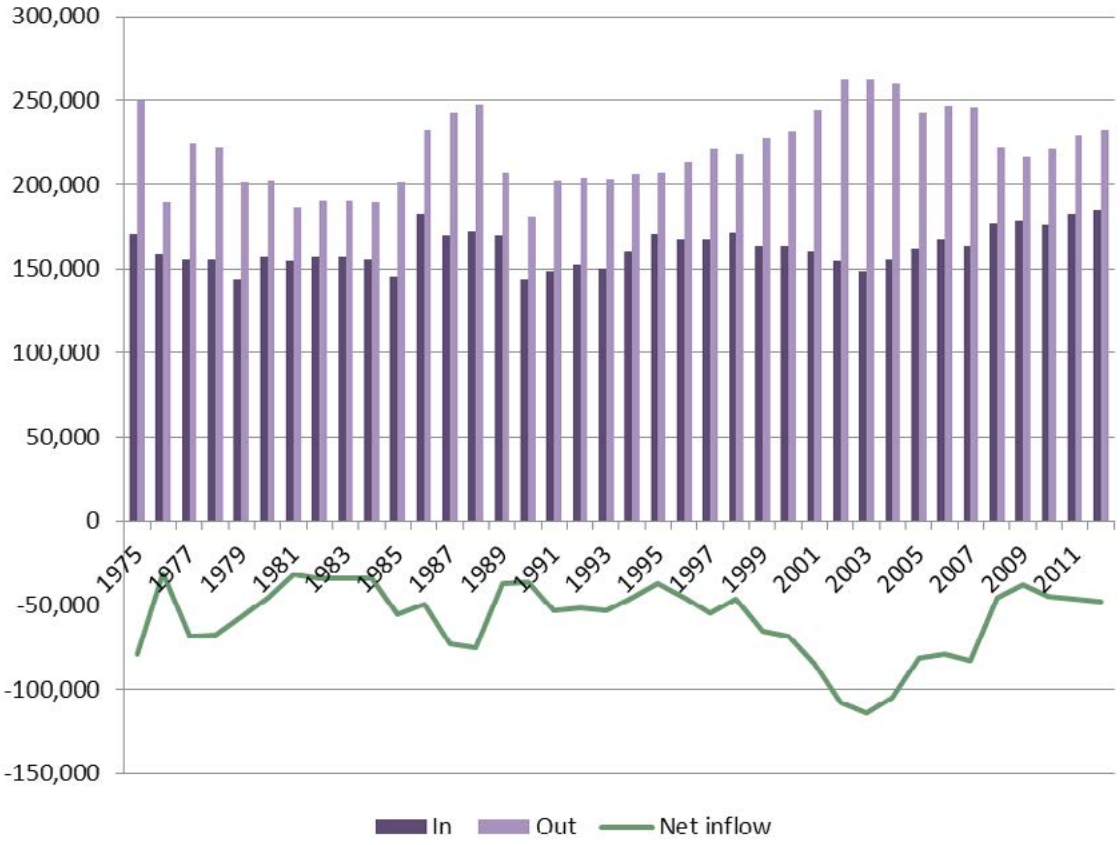


GLA Draft Economic Base 2016: ONS Mid-year population estimates, ONS internal migration estimates

2.21 While it is the combination of all migration flows and natural change which underpins what is currently London's own greatest planning challenge (the need for more housing), it is the capital's internal out migration which raises greatest concern among its neighbours – a point made strongly to the Commission. It is sometimes forgotten that London is in fact a major recipient as well as an exporter of domestic migration. Figure 4 shows the scale of both flows over time and Map 1 illustrates their extent prior to the recession. One of the challenges for the new London Plan will be to provide an authoritative view as to whether net out migration is likely to become more 'peaky' in future economic cycles (as it was in the boom and subsequent recession of the 'noughties' when it exceeded -100,000 pa before falling back to nearly -30,000), or whether it will revert to the long term trend which saw it rarely exceeding -70,000 (a point which it passed in 2015 during the current cycle). The housing and labour markets in London and the

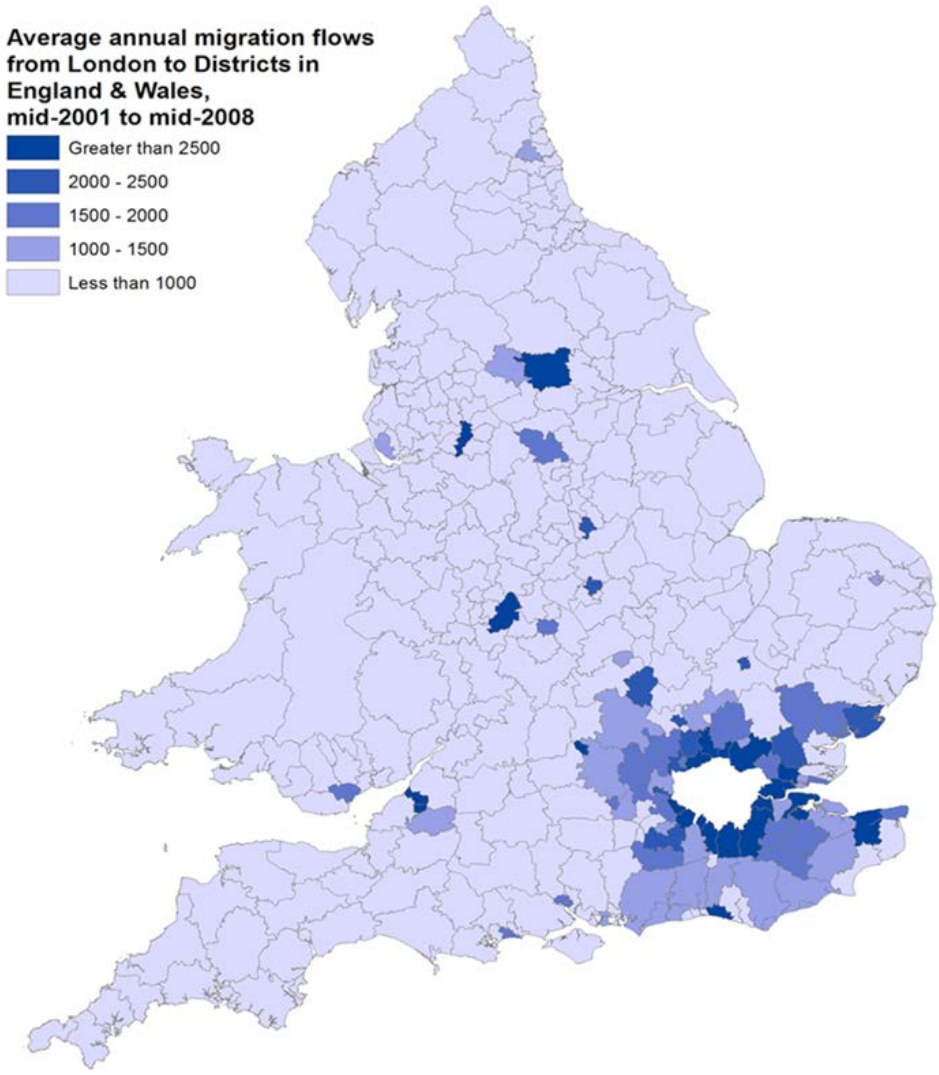
wider region will clearly have an influence on this, but it may also be susceptible to other factors such as London's continued economic vitality, its productivity and possible changes in national and international policy, especially those which bear on migration.

Figure 4: Domestic migration in and out of London 1975 -2012



GLA draft Economic Evidence Base 2016: ONS

Figure 5: London domestic out-migration

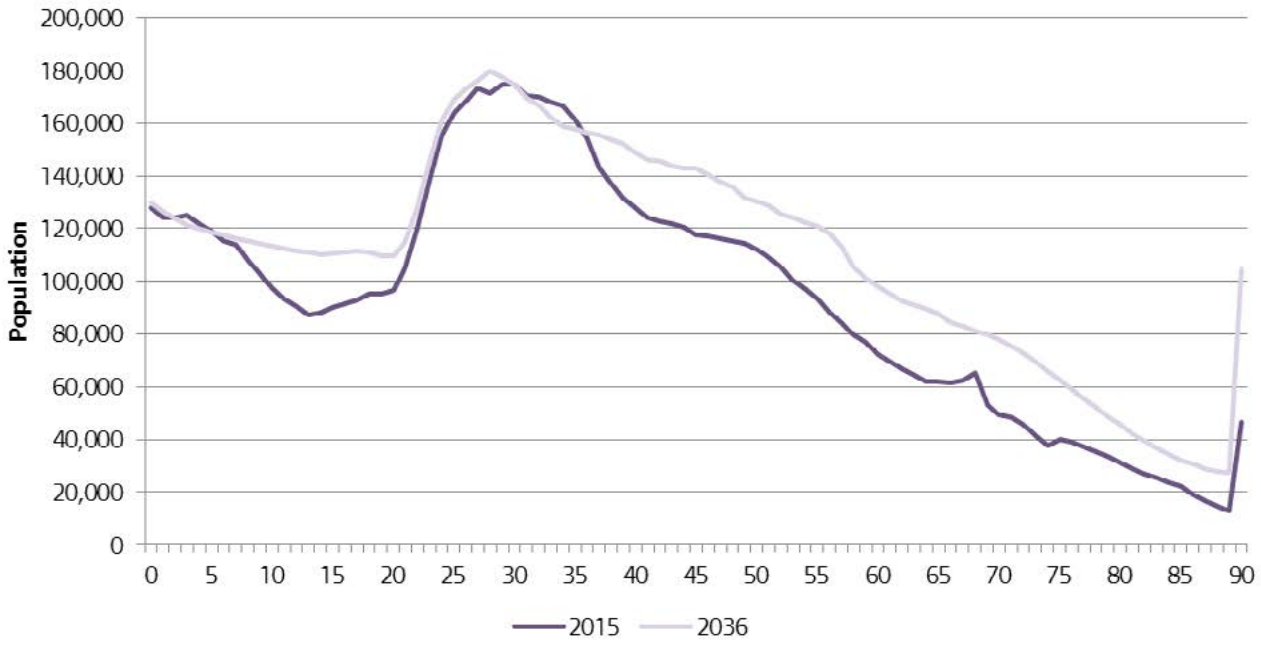


ONS annual migration estimates 2002-2014

2.22 Compared to many of its 'Word City' comparators London is a relatively 'young' and cosmopolitan city and this is considered to contribute to its economic strength. However, it will not be immune to the 'ageing' issues which face other advanced economies. As Figure 6 shows, the working age population (16 to 64) is projected to rise by 1 million or 18 per cent, while the over 65s are expected to increase by 600,000 persons – an increase of 65 per cent from 2011, driven by increasing life expectancy, the large cohort of baby-boomers passing 65 and a significant increase in people aged over 85[25]. In view of recent concerns over the loss of younger Londoners, Figure 7 shows the positive trend of younger people moving into London and Figure 8 provides a snap shot of the flows among all age groups.

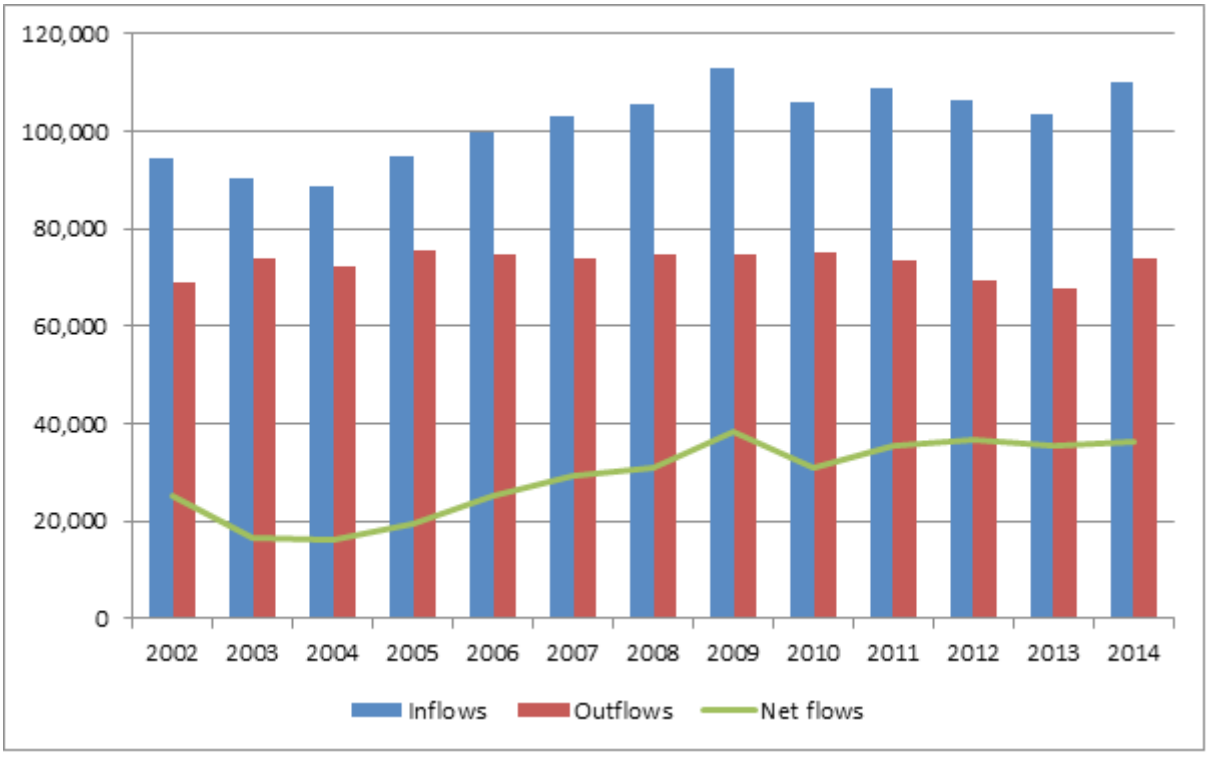
[25] Mayor of London (2015) London Infrastructure Plan 2050 , population projections supporting papers (GLA Intelligence). Three Dragons et alOlder Londoners and the London Plan. Looking to 2050. GLA, 2016

Figure 6: London's age structure 2015 and 2036



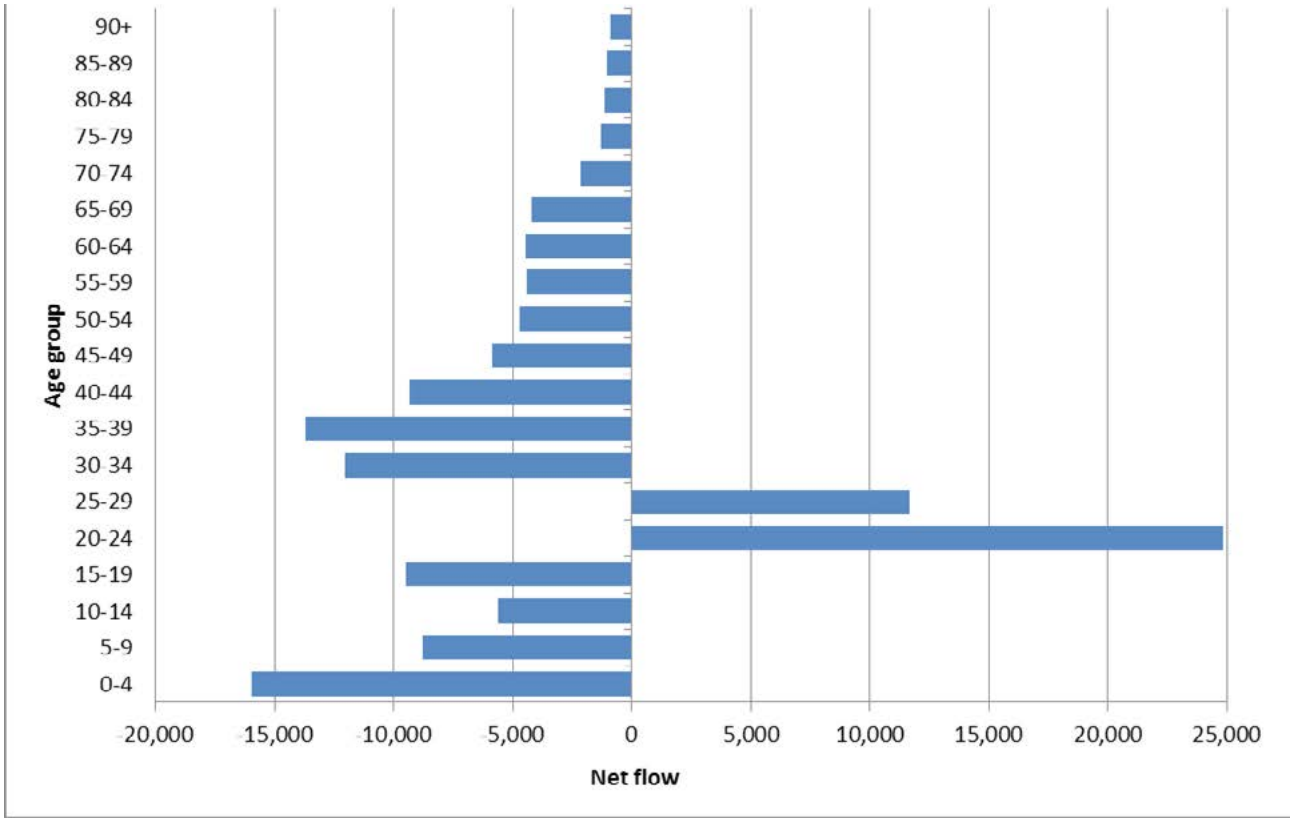
GLA Economic Evidence Base 2015: GLA 2014 trend-based population projections (long-term migration scenario)

Figure 7: London domestic migration among 20-29 year olds 2002 – 2014



ONS annual migration estimates 2002-2014 ONS annual migration estimates 2002-2014

Figure 8: London net flow of domestic residents by age group (2014)

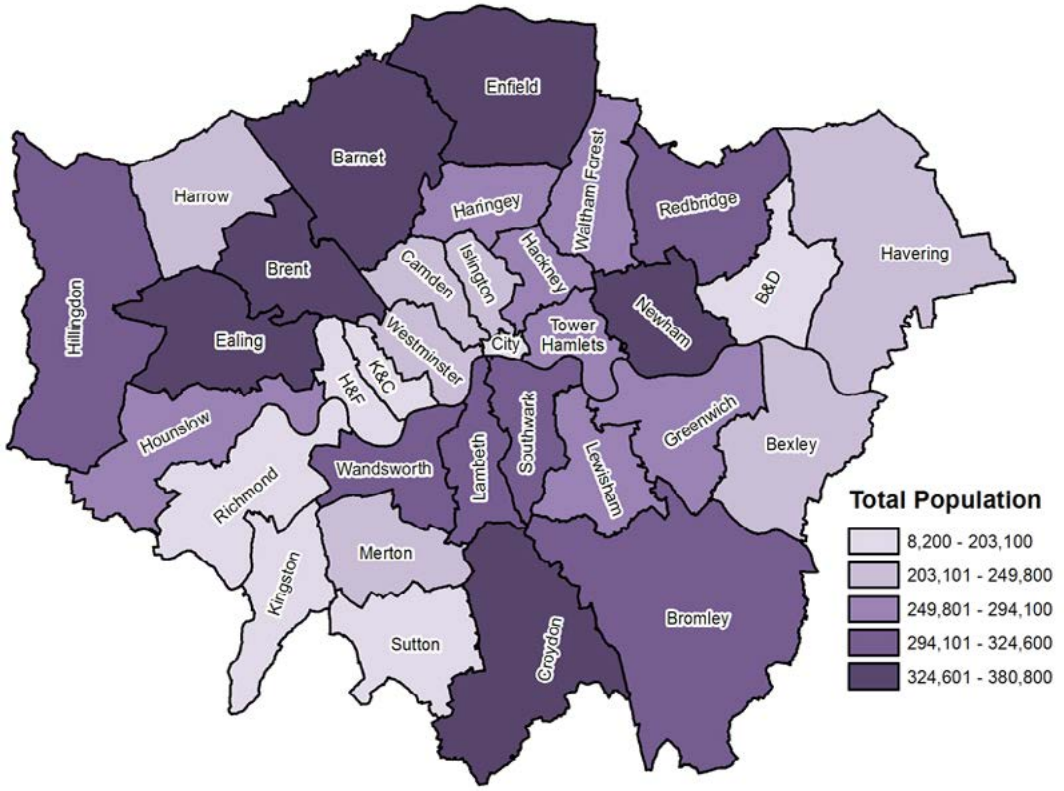


ONS annual migration estimates 2002-2014

2.23 Figure 9 shows the current spatial distribution of London's population. The geographically larger outer London boroughs tend to have a greater number of residents than the inner boroughs with the notable exception of Newham. In 2011 this uneven distribution comprised 4.97million (60%) in outer London and 3.29 million (40%) in inner London[26].

[26] Census 2011

Figure 9: Total population by London borough, 2015

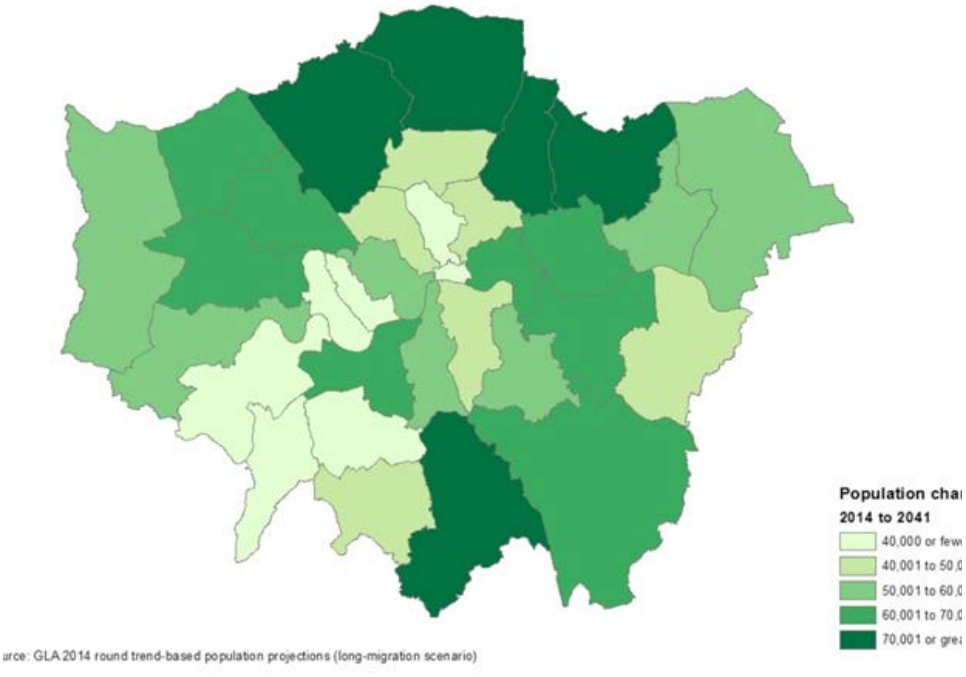


GLA trend-based population projections (short-term migration scenario)

2.24 Trend-based projections suggest that there will be strong growth in outer London of c500,408 people (65% of total growth) compared to inner London of c266,000 people (35% of total growth). However, population projections based on housing targets as set out in the 2013 Strategic Housing Land Availability Assessment (SHLAA), which take account of the capacity of land to accommodate housing, are relatively low for outer London at 193,000 people (45% of total growth) compared to inner London of 231,000 people (55% of total growth) for the period up to 2036. Based on the SHLAA, the majority of the growth in outer London will be in Barnet of 23,305 units, Barking & Dagenham at 15,348 units, Croydon at 15,164 units and Brent at 11,165 units[27].

[27] GLA SHLAA 2013.

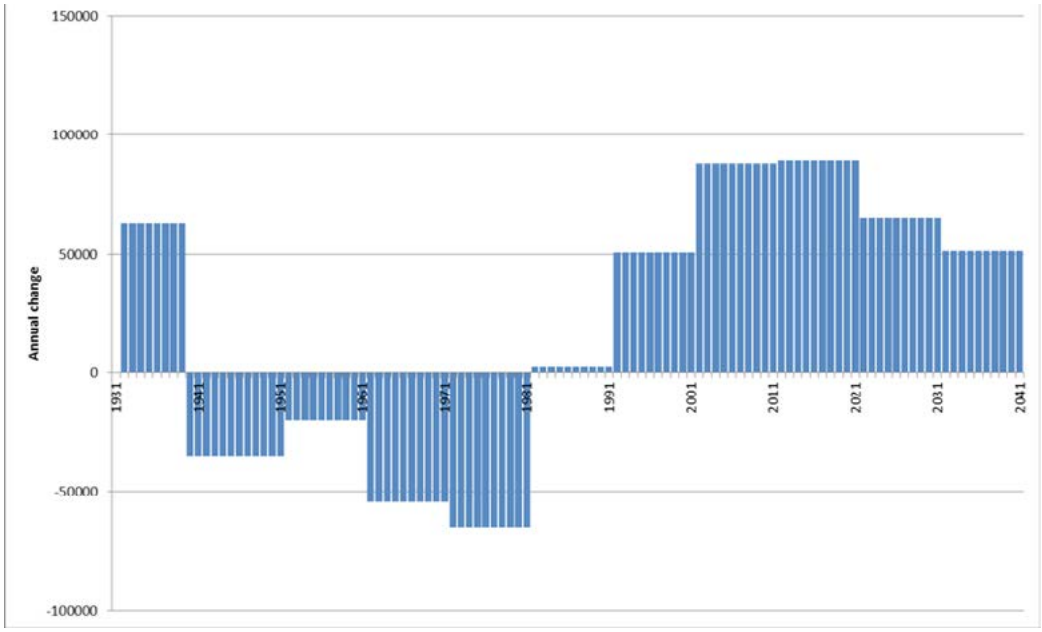
Figure 10: Trend based population distribution 2014 – 41



GLA trend-based population projections (short-term migration scenario)

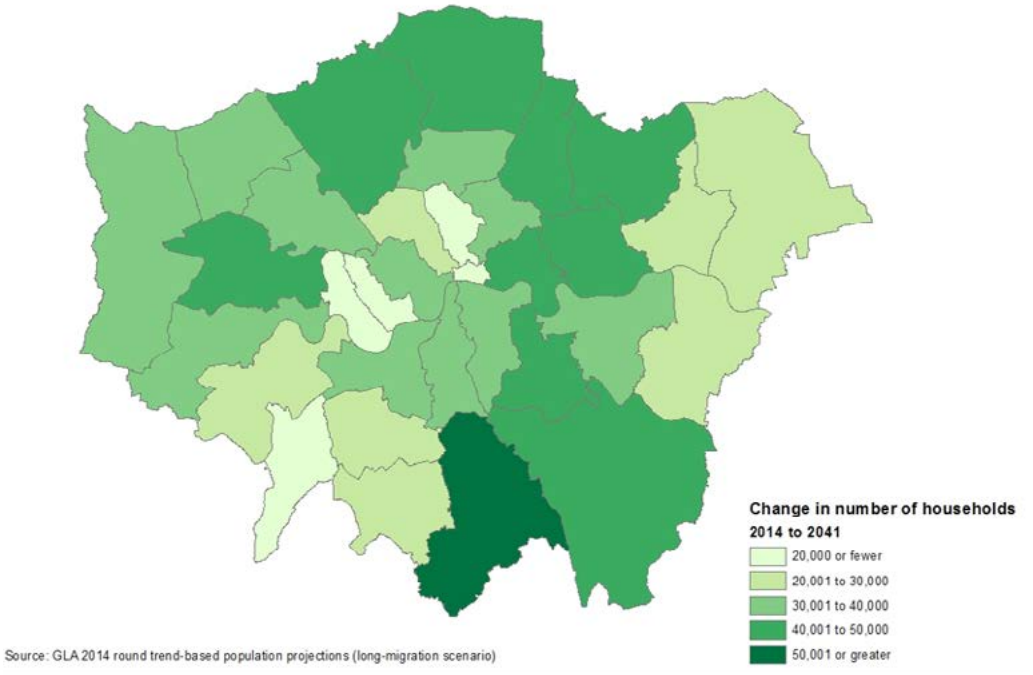
2.25 While population growth is a particular concern when planning for employment and infrastructure provision, it is household growth which bears most directly on housing requirements. Though clearly related to population, household formation is also influenced by other factors, not least age structure and ethnicity and social considerations like divorce and marriage. Historically, London's households were on average slowly getting smaller (to 2.37 persons/hhld in 2001) but it appears that over the last decade they started to grow again (to 2.47 persons/household in 2011), perhaps because of constraints on the opportunities to form new households. This may have been because of recession related constraints on the formation of new households eg older children staying at home or families remaining and growing in London, but other factors could also have played a part eg continuing international inflows; worsening affordability; and more children being born. Even so, a quarter to a third of growth may be comprised of smaller (one and two person) households. It is still not clear whether there will be a return to historic trends in household formation. The GLA's interim projections 2014-41 suggest that overall household growth could be almost the same as anticipated in the 2015 Plan (c40,000 households pa). Figure 11 illustrates this relative to historic trends and Figure 12 shows its trend based geographical distribution.

Figure 11 Historic and projected households 1931- 2041



GLA 2014 round population projections, ONS mid-year population estimates

Figure 12: Trend based household distribution 2014-41



2.26 The 2014 Strategic Market Housing Assessment (SMHA) indicated that London needs 49,000 homes pa to meet trend based household growth and to address the backlog of need over 20 years. The new interim household projections suggest that a similar average level of need could be sustained to 2041.

2.27 Whilst the GLA SHMA gives an aggregate figure of 49,000 pa for London, the

NPPF makes it clear that local boroughs should undertake their own needs assessment to understand local needs. However, it should be noted that the NPPF is written with only local planning authorities in mind and does not provide explicit guidance for the situation in London; in fact there haves been differing opinions as to whether need should be assessed only on a London wide basis or whether local authorities should also undertake their own assessments of need. The Mayor takes the view that, in strategic terms, London as a whole should be considered a housing market area (and one which effectively extends beyond its administrative boundaries) and for practical internal planning purposes, it also contains sub markets which should be assessed at sub regional and borough levels.

2.28 The uncertainty surrounding changes in the composition of the population, in terms of the age structure and migrations trends, and hence the potential knock-on consequences for household formation, may have implications for future housing need identified in a revised London Plan. Based on the evidence above it is clear that demographically London will grow and that accommodating growth must be a central objective of the new London Plan. However, questions remain as to the relative scale of the growth, the composition of the resultant population and how that growth might be distributed. At present, in headline terms, it appears that population growth may be slightly less than anticipated in the 2015 Plan but that growth in households and housing need could be of the same order.

Employment

2.29 As with London's projected population, there is a degree of uncertainty around its future level of employment. This reflects the short to medium term impact of recovery from the recession and the way that may bear on underlying long term trends. Having lost some 200,000 jobs through the initial impact of the recession (which was significantly less than the almost 500,000 lost in the recession of the early 90s), London then generated 700,000 jobs between 2009 and 2015. Initially many of these were part-time or through self-employment but recently there has been a move towards more stable full time employment.

2.30 Some independent, medium term projections have been strongly influenced by the scale of recovery from the recession and suggest employment growth of more than 50,000 pa with one indicating more than 80,000 pa. The longer term projections used in the 2015 London Plan were prepared during the period of recovery 'flux', and to be prudent suggested that the total number of jobs in London could increase from 4.9 million in 2011 to 5.8 million by 2036. However more recent projections recognise that the total number of jobs had already reached 5.6 million in 2014 and suggest that 6.4 million could be achieved by 2036, an average annual rate of 0.69 per cent - equivalent to 40,800 net additional jobs per annum over the period28 rather than the 32,000 pa estimated initially (Figure 13).

[28] GLA Economics Evidence Base

Figure 13: Interim post-recession employment projections to 2041.

2.31 In outer London, employment is expected to grow by 2.2 million jobs by 2036 – the equivalent of 38.8 per cent of the London total (15.6 per cent increase from the 2011 value), compared to inner London growth of 3.5 million jobs[29]. This increase is significantly higher than was anticipated in the current London Plan and needs to be understood in the context of the wider population projections described above. One explanation for the more significant rise in jobs growth could be London's relative resilience to the global recession and it's higher than expected growth compared to the rest of the country.

2.32 However, whilst London's growth in jobs has recently been very strong, more moderate rises in output have raised questions regarding the long-term trend in productivity in both London and the UK. The UK has experienced slow productivity growth in recent years, rising only 1 per cent since 2011and is still 16 per cent lower than pre-recession levels[30]. The UK lags behind its international counterparts (G7 countries) by an average of 19 per cent[31]. Research by GLA Economics shows that London's productivity was strong relative to the rest of the country up to the recession but across most sectors was weak between 2009 and 2012 with only 5 out of 17 sectors seeing growth in productivity over that period. The highest growth in productivity was in 'other services activities' at 20 per cent, followed by public administration and defence at 9 per cent, construction at 9 per cent, real estate at 8 per cent and administrative and support services at 7 per cent. All other sectors saw a reduction in productivity over that period.

2.33 Understanding the underlying causes of and slowdown in this near standstill in productivity growth is critical to projecting future employment levels. If the recent productivity trend continues over the projected period, then the number of jobs in 2036 could be higher than those suggested above. As yet there is no consensus as to the likely explanation or longevity of the 'productivity puzzle', although some factors have been identified that might go some way to help explain it. For example the Government's 'Productivity Plan' identifies changes in employment patterns such as a rise in part-time or self-employment jobs, low growth in wages compared to costs of living, insufficient investment in physical infrastructure, and insufficient investment in human capital such as in skills and training as potential as factors[32]. Nevertheless, GLA Economics projections suggest the London economy should perform strongly in future years.

2.34 Global threats to London's growth, such as the 'Eurozone crisis', climate change, a slowdown in the Chinese economy and other emerging markets, the UK's

[29] GLA Draft Economics Evidence Base 2016

[30] ONS (2015), "Labour Productivity, Q1 2015"Bank of England (2014), "Quarterly bulletin 2014 Q2: The UK productivity puzzle"

[31] GLA Draft Economics Evidence Base 2016

[32] HM Treasury. Fixing the Foundations. Creating a more prosperous nation. Cm 9098. 2015

economy could disrupt world trade and migration.,. Local risks, such as factors that affect London's attractiveness as a place to do business and to live such as density and costs might also mean London's economy could follow a different growth trajectory. It is therefore prudent that a Mayor takes account of these risks when developing his new London Plan.

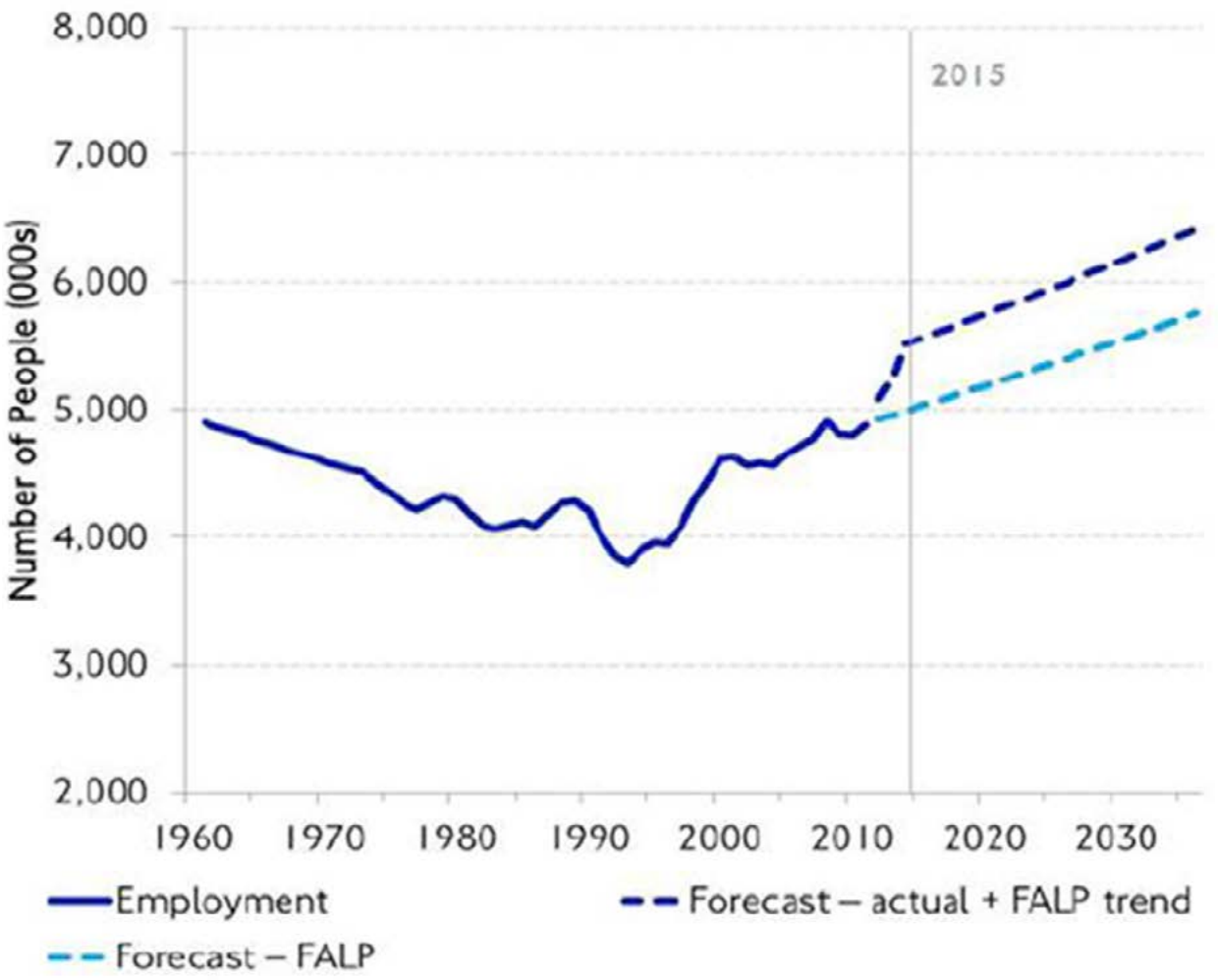
Other drivers of change

2.35 There are a number of other, institutional drivers of change that could affect London's overall growth trajectory. The most important components of this are Government's Productivity Plan; the Housing and Planning Bill, and the devolution agenda.

2.36 The Productivity Plan reflects philosophy underpinning many of Government's policies through this Parliament. Its central thrust is that from greater productivity comes improved prosperity and quality of life for all. Many of its proposals for raising productivity are built around two pillars of encouraging long-term investment in economic capital, including infrastructure, skills and knowledge; and promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use. Many of the measures have wide ranging implications for London, including establishing a more competitive tax system to bring in business and investment; investments in skills and training; introducing new compulsory apprenticeships; reducing the student cap on universities; investment in infrastructure; improved digital connectivity; reforms to welfare (household benefit, tax credits, free 30 hours childcare); support for the financial sector; stimulating finance for Small and Medium-sized Enterprises; and building stronger trading links with emerging markets. Several of the Productivity Plan's proposals such as those for the priority of brownfield land and changes to CPOs have been further detailed in supporting legalisation such as the Housing and Planning (H&P) Bill.

2.37 The H&P Bill is primarily aimed at driving up home ownership and sets out a range of measures that might have an impact on how London is able to accommodate growth over the immediate to medium term. A number of measures relate to mix and tenure; one of the most significant being Starter Homes. The Bill requires local planning authorities to promote the supply of Starter Homes (at least 20 per cent less the market price for first time buyers under the age of 40, capped at £450,000 in London), and only grant planning permission when the 'Starter Homes requirement' is met. It is suggested that the Starter Homes requirement will be met through section 106 planning agreements which in turn is likely to have implications for the viability of delivering other affordable housing, including shared ownership. As the new product does not currently have income threshold requirements, this could have significant implications for the types of people who can access affordable products in different parts of London.

2.38 Another H&P Bill measure which will impact tenure is the extension of the Right



to Buy to housing association tenants. In order to help pay for this, the H &P Bill enables the Secretary of State to require local authorities to make payments to government based on the value of their high value homes. Whilst this may be positive in terms of boosting home ownership, the Bill does not include a London ring fence of council house sales receipts and therefore may result in a reduction in the overall provision of council housing and have a limited impact on increasing overall housing supply. There are however provisions in the Bill for Local Authorities to enter into bilateral agreements with the Secretary of State to reduce their payments to government in return for commitments to spend more on building new homes. A question remains as the extent this will actually deliver additional homes. In the second reading of the Bill, there was an amendment that means that every council home sold in London should be replaced with two new affordable homes.

2.39 There has been debate over the spatial implications of the combined effects of proposals for Starter Homes (para 1.36 above) and council/Registered Provider home sales (para 1.37 above) and the way in which they may bear on London's productivity, its established approach to mixed and balanced communities

and the future distribution of housing growth of different types. In higher value areas such as central and parts of inner London, the stock of, and new provision for, conventional affordable housing may become increasingly constrained as greater emphasis is placed on owner occupation. Lower value areas, not least parts of outer London, may become increasingly important in accommodating the resources which remain to build conventional affordable homes, especially if pan London policy to maximise provision of these stays in place, but the 'in situ' requirement is no longer tenable. Historically such a pattern of development was a feature of metropolitan affordable housing provision, but was not sustained to the extent that it has been in, say, the Parisian 'banlieu'.

2.40 This has clear implications for local social mix. What is not so clear is its long term implications for the productivity of the city. It can be argued that increasing higher value/owner occupied provision closer to the main agglomerations of higher value economic activities (in and around central London) will tend to increase productivity and that provision of lower value/affordable rented housing elsewhere will improve access to job opportunities in lower value added activities which tend to be located in these areas.

2.41 An alternative argument is that affordable housing for skilled/essential but relatively low wage workers should be distributed most effectively in relation to the need for their services ie. for the most part widely across London rather than being concentrated in outer areas.

2.42 The Mayor may wish to test the implications of these arguments empirically as part of the London Plan review and to inform discussions with government on sustaining London's net contributions to the national exchequer.

2.43 Other government proposals include encouraging self-build and custom house building. Building on existing duties under the Self-build and Custom House building Act 2015, under which local authorities are required to keep a register of people seeking land for self and custom housing, this places new duties for local authorities to grant "sufficient suitable development permissions on serviced plots of land" to meet the demand for self-build and custom house building in their area, as evidenced by their Register. This provision is aimed at supporting smaller builders and developers, The Commission believe that it will be important in helping to facilitate a new source of supply.

2.44 The Bill set out a number of new measures to streamline the planning system and facilitate the delivery of homes. It widens the SoS and Mayor's powers in relation to a borough's local development scheme, meaning the Mayor will now be able to make directions related to the subject matter rather than just timing issues. The Bill also introduces a new planning permission for specified sites; Permission in Principle (PiPs) which would then be followed by a Technical Details Consent. PiPs are intended to expedite the delivery of homes, making the allocations

process in Local Plans more important. Related to this, the Bill also paves the way for Local Planning Authorities to be required to compile and maintain a Register of Brownfield Land suitable for housing. Sites which are allocated for another use (i.e. employment land) would not be expected to be placed on the register. The approach could provide continual updates to the supply of housing sites, providing more certainty to the market and not having to rely on the process of developing a planning document to identify sites.

2.45 One significant provision in the Bill allows the SoS to grant development consent for housing which is linked to an application for nationally significant infrastructure projects. Previously housing has been excluded from this power. The proposal suggests that the housing does not need to be functionally linked to the infrastructure project, only close to it. Depending on the detail, this could mean that housing schemes linked to Cross Rail 2, for example, could be decided by the Secretary of State rather than the borough or indeed involve the Mayor. The Bill also puts into legislation changes designed to speed up the process and reduce the costs and uncertainty of compulsory purchase.

2.46 On the 25th November 2015 the Government announced its Autumn Statement and Comprehensive Spending Review (CSR) which has a range of implications for planning for London's future growth. In particular the housing capital budget will be doubled from 2018/19 onwards and the Government is now aiming to deliver 400,000 affordable housing starts by 2020-21, focused on low cost home ownership. The 400,000 figure includes a commitment to 200,000 Starter Homes, 60,000 of which will be supported through a new £2.3bn fund with the remaining 140,000 delivered through the planning system; 135,000 'Help to Buy: Shared Ownership' homes, which will be open to households earning less than £90,000 in London; restrictions on shared ownership, including those set by local authorities, will be removed; 10,000 homes that will allow a tenant to save for a deposit while they rent; and at least 8,000 specialist homes for older people and people with disabilities.

2.47 Further reforms to the planning system were also set out in the Spending Review this includes establishing a new 'delivery test' for boroughs to ensure delivery against the number of homes set out in Local Plans; a more standardised approach to viability assessments and extending the ability to appeal against unviable section 106 agreements; and support for the regeneration of previously developed brownfield sites in the Green Belt by allowing them to be developed in the same way as other brownfield land, (providing their contribute to Starter Homes). The Government also indicated support for a number of London regeneration schemes including £97m to fund a new Thameslink station at Brent Cross; £55m to extend the London Overground from Barking to Barking Riverside; and bringing together the publically owned land around the Old Oak Common HS2 station into single control. These infrastructure projects will all help unlock further growth.

2.48 Some of these proposals have been subject to Government's recent consultation on possible changes to the NPPF, which mainly focused on: broadening the definition of affordable housing to expand the range of low cost housing opportunities for those aspiring to own their new home; promoting increased density of development around commuter hubs to make more efficient use of land in suitable locations; renewing their support for sustainable new settlements; reinforcing the emphasis of existing policy on brownfield development through a series of measures eg 'brownfield registers'; 'PIPs' on brownfield sites and a national presumption in favour of development on such sites; supporting the regeneration of previously developed brownfield sites in the Green Belt for the provision of Starter Homes; introducing a housing delivery test and separate proposals to encourage 'upwards extensions'. These proposals have significant implications for London's ability to accommodate and respond to the challenges of growth.

2.49 As part of the devolution agenda, the Mayor and Government are discussing a range of powers to help to facilitate the delivery of homes and jobs. In particular he is calling for the power to issue Development Orders in the capital to co-ordinate registers of brownfield land, and for strategic planning applications in poor-performing London boroughs to be made directly to the Mayor. The Mayor is also calling for stronger CPO powers in areas adopted as housing growth locations, and to ensure that the GLA, TfL and Mayoral Development Corporations can use the same CPO power to aid regeneration across London.

2.50 The devolution of powers also has implications for the relationship of London and the Wider South East – an issue that was discussed in detail in the OLC's previous report. The concept of the city region is gaining more traction in national politics, and whilst there does not seem to be an appetite to return to 'regional planning', there is an acceptance that large cities should not plan in isolation of their surrounding regions. This is not only true for places such as London but is also evidenced in relation to the Northern Powerhouse. The Commission strongly endorses this concept and feels that a more co-ordinated approach to managing growth and addressing strategic issues across a wider area (city region) would help ensure investment decisions to everyone's benefit. A single stronger voice would also help influence national policy[33].

Recommendation 1

The Mayor should ensure that national planning policy such as that devolving from the Productivity Plan, the Housing and Planning Bill and the devolution agenda reflects and addresses the unique circumstances of London so that its broad objectives are achieved effectively here.

[33] OLC Sub Regional Meeting Bexley – 29th July 2015

CHAPTER 3:

BALANCE OF HOUSING AND EMPLOYMENT

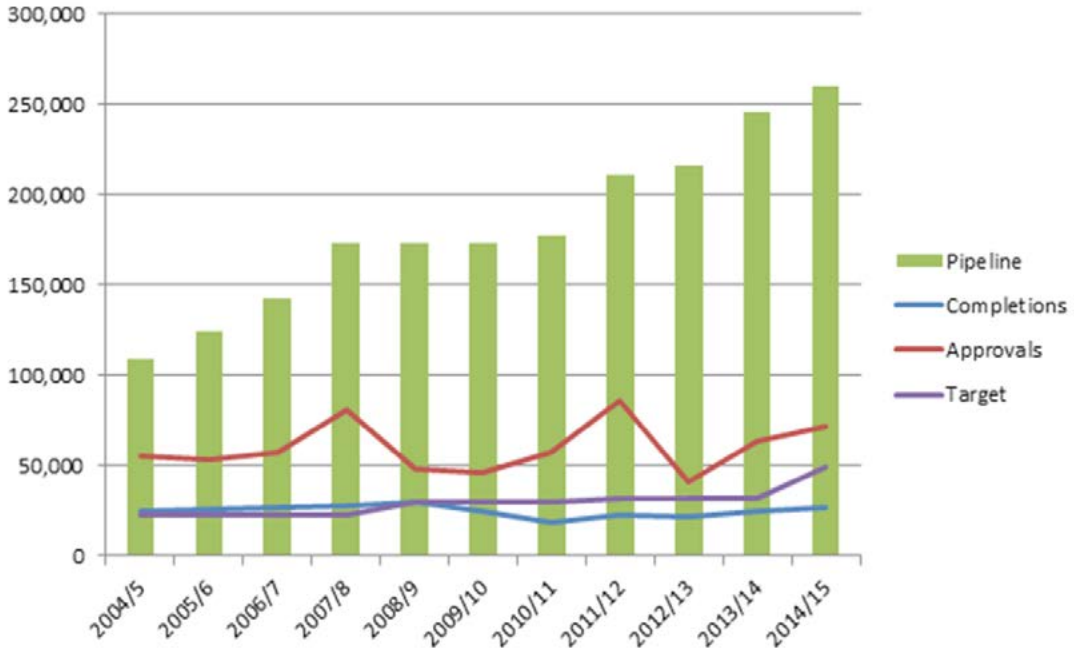
3.1 The Commission heard a range of views on the relationship between London's population and its economy and employment. It was generally agreed that London's economic success and competitiveness depends on an efficient labour market and this in turn requires an appropriate supply of housing to sustain it. However views diverged on the scale of growth expected; possible tensions between providing capacity for housing versus employment; what these might mean for productivity; the ways in which competition between the two can be mediated through the planning system and the implications of this for the spatial and economic structure of the city.

3.2 The 2015 Plan is designed to address the need for 49,000 new homes a year through two sets of policies. Those policies drawing on the GLA 2013 Strategic Housing Land Availability Assessment (SHLAA) identify capacity for 423,000 homes over 10 years, the equivalent to 42,300pa. The Plan has also put in place rigorous new policies to support additional provision through higher density development in appropriate locations. Scenario testing shows that together these two suites of policy can address need.

3.3 Practical experience confirms this. Over the decade to 2014 London was approving over 50,000 homes each year (in 2014/15 over 70,000) and the net pipeline of approvals contains capacity for over 260,000 conventional homes –(see Figure 14). If capacity for 'non-conventional' homes eg student housing is included, the pipeline figures rises to around 300,000. At the moment, the real challenge is not identifying capacity through the planning system but translating the 50,000pa approvals into completions. Over the decade to 2014, completions have averaged only 25,000 pa. Various 'starts' based indicators of development activity (CLG[34], London Development Database[35], Molior[36], London Residential Research[37], HBF[38]) have for some time been signalling a significant potential upturn in actual output, but so far completions have risen only slightly above the average trend (to 28,000 pa conventional homes in 2014/15).

[34] https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building
[35] GLA Annual Monitoring Report 2014/15
[36] Molier 2014 Update Barriers to Housing Delivery
[37] Ref to latest LRR
[38] Ref to latest HBF

Figure 14 London's housing pipeline (net conventional dwellings)



GLA London Development Database 2015

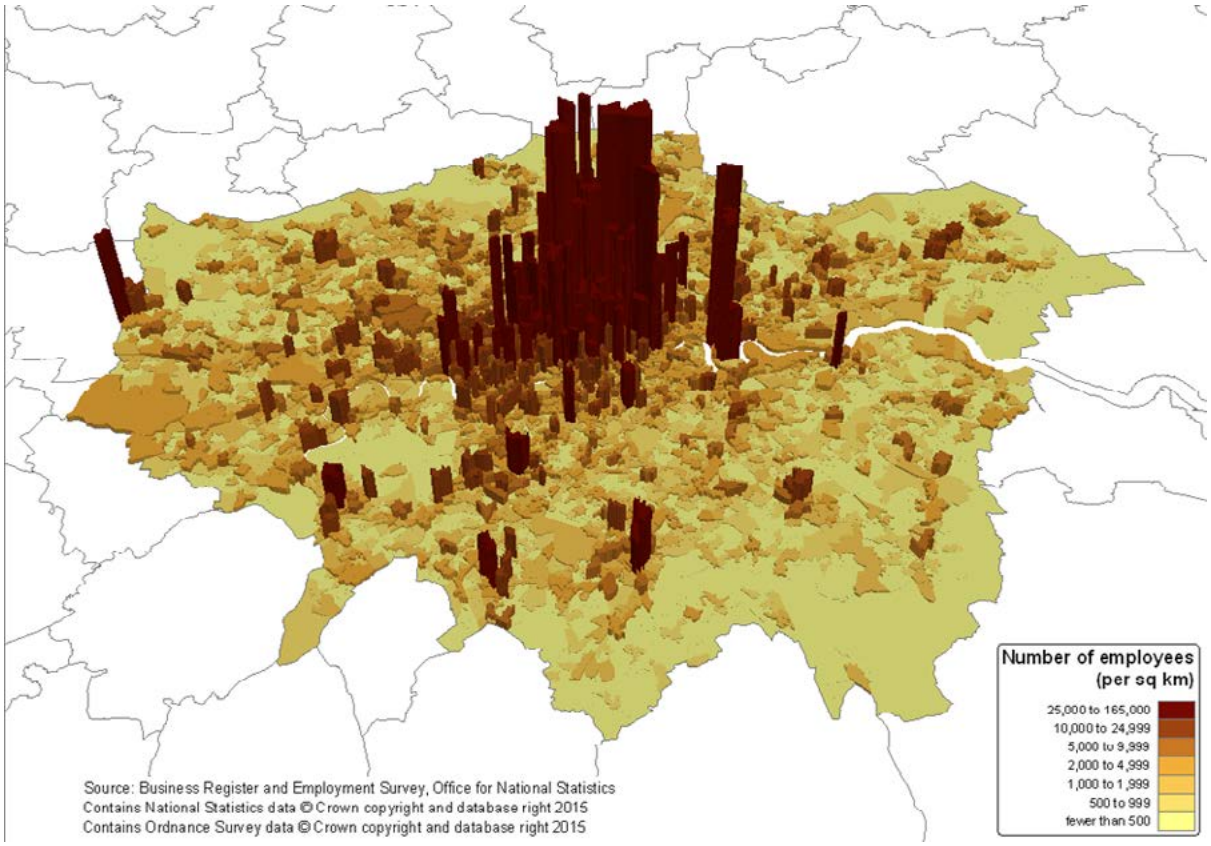
3.4 The Commission agrees with most commentators that the planning system will have a crucial long term role in bringing forward adequate development capacity. It also heard a number of more specific views, some of which may be challenged. For example, it was suggested that to increase completions to 49,000 the approvals pipeline might have to be increased pro rata ie doubled. Others suggested that the 28,000 completions reflect the number of approvals that are 'deliverable' in terms of the NPPF and that more approvals which can be translated into completions are required ie that the pipeline contains the 'wrong sort of permissions' such as outline permissions which when the conditions are attached make some developments unviable. Against these views are those which hold that the planning system can only address what developers propose and that once it has delivered sufficient permissions it has done the job it is designed to do and more should not be expected of it. This is sometimes allied to the concerns that tying up sites with permission for significantly more housing than is needed and/or is being built, reduces potential sites available for other uses such as employment or social infrastructure which are also crucial for London's success as a world class city (see the Commission's Barriers to Housing Delivery 2016 report).

3.5 There was more widespread agreement that speeding up the decision making/ planning process may help expedite delivery, particularly for smaller developers who have smaller cash flows and are more constrained by risk. It was also acknowledged that there is a complex series of non-planning factors which are probably more important for delivery; for example labour, materials, institutional capacity constraints within the development sector and local market absorption rates. Again, these are explored in greater depth in the Commission's report on the Barriers to Housing Delivery.

3.6 In discussions with stakeholders, an overwhelming number of people stressed the importance of having an appropriate balance between housing and employment; but what that means in practice and how that might be achieved is a fundamental question that will underpin the sustainable development and ultimate success of London as a world class city.

3.7 London's global economic success depends in part on the agglomeration effects of a spectrum of activities. Key benefits arise when people work in close proximity: knowledge spill-overs between firms and across sectors, increased competition, increased specialisation, higher economies of scale from serving a higher mass of consumers and larger pool of talented labour. These effects get stronger as the amount of employment in an area increases and as employment density in nearby clusters increase. The race for talent in high growth sectors has meant that the preferred location for businesses and workers are in the more central locations as the denser work environments enable businesses to benefit from these agglomeration of scale. For their workers, lifestyle factors also mean that workplaces that are in close proximity to a range of services, amenities and entertainment adds to the attractiveness of central or accessible locations.

Figure 15 Employment Densities across London 2013



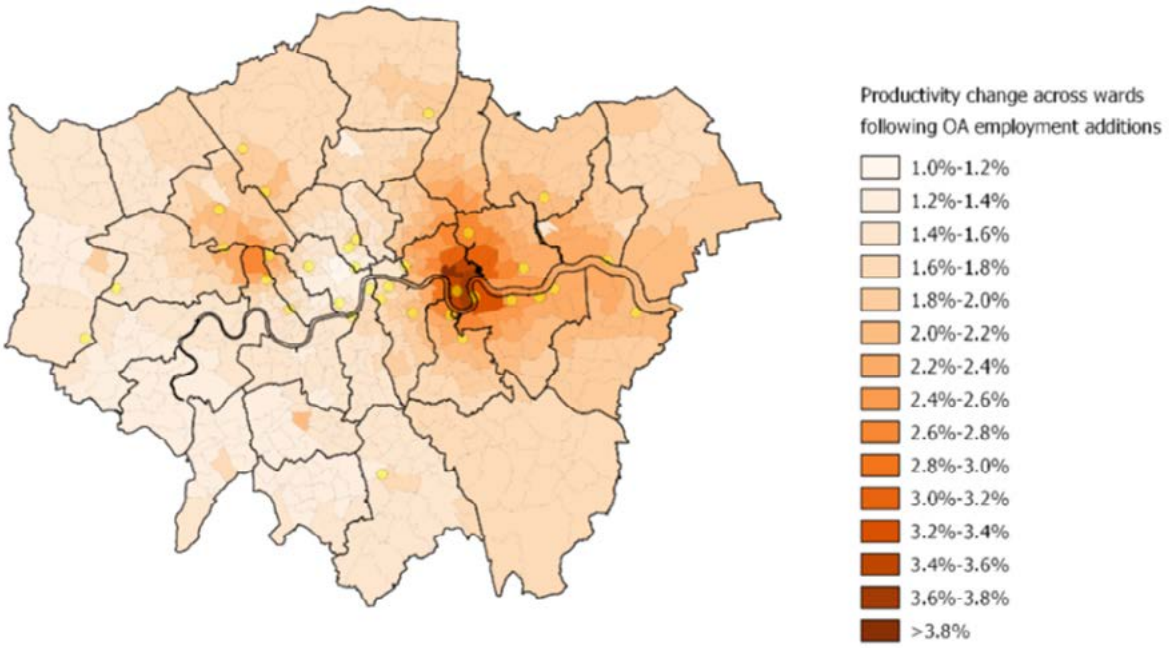
GLA Draft Economic Evidence Base 2016: BRES

3.8 Figure 15 shows the highest employment densities are in the Central Activity

Zone and Isle of Dogs and various town centres which also see significant employment concentrations.

3.9 There is also an important relationship between employment densities, growth and productivity. Figure 16 shows the predicted change in productivity across London from planned employment growth. As the map shows, productivity growth is higher in areas with clusters of higher densities of employment (see Figure 15). The highest density-productivity growth from planned employment increases are in Tower Hamlets, Hammersmith & Fulham, Hackney and Newham. The map is helpful in illustrating the important relationship between where employment growth is planned and its consequential impact upon productivity.

Figure 16 Productivity change across London based on employment projections



Deloitte analysis on Graham (2006), GLA(2015), ONS (2015)

3.10 Employment land in many London boroughs is under significant pressure due to the higher values that can be achieved through residential development[39]. Typically residential land values are three to seven times higher than industrial land values[40]. Extension of Permitted Development rights in 2013 may exacerbate these pressures for change from office as well as industrial capacity. A study by NLP suggests that PD rights have the potential to lead to a future deficit in office space in certain locations. However, it also points out that in some locations

[39] Kingston Submission

[40] GLA Industrial Land Supply and Economic Study, 2015

(particularly those with a surplus of outdated office stock) the policy is having a positive effect by removing poor quality office space and driving up rental values to a point at which new office development starts to becomes viable[41].

3.11 Previous editions of the London Plan have acknowledged that beyond the central London office market areas there has been a surplus of dated office space. The release of this in appropriate locations was managed through the planning system (rather than the 'ad hoc' mechanism now provided by PD) and complemented by positive policies to encourage new provision in competitive locations. This planned approach encouraged redevelopment of office sites rather than conversion of existing buildings, yielding a greater quantum of new housing (some 2,000 dpa) which was subject to the spectrum of planning policies including those for affordable housing where viable. The approach was less successful in encouraging new office development beyond central London, partly because this had to be competitive with provision outside London and partly because of limited demand for decentralised cost effective offices in suburban centres. As described above agglomeration benefits have polarised demand around larger centres.

3.12 The Outer London Commission has already reported on the challenges in reinvigorating the non-central London office market.[42]Although there are indications is that this is changing with the substantial rise in central costs - most expensive in Europe[43] - and improved transport connections. The rapid recovery of the London economy and the role of relatively low value added jobs in this has raised concerns over the loss of 'affordable', albeit dated, office and industrial capacity to housing. The Commission advises that this should be investigated in the proposed Industrial Land Demand study and new London Office Policy Review.

3.13 LDD data from the GLA indicate 2,806 office-to-residential prior approval applications were decided by London boroughs between May 2013 and April 2015; with 2,003 applications approved (20 on appeal), 803 either withdrawn or refused. If all of the schemes that have been approved were developed they would provide approximately 17,798 residential units. Of the 1,670 approved schemes that recorded the loss of office floorpsace, if all were implemented 1,094,549 m2 office floorspace would be lost.

3.14 Since its introduction, outer London has lost around 10% of its office stock to residential through PD[44]. Anecdotally, this is not only compromising the functioning of employment areas, whether for offices, industrial or retail, but also can result in piecemeal incremental change which does not deliver the

[41] NLP, Workspace Futures – The changing dynamics of office locations. 2015

[42] OLC 1st Report 2010

[43] http://www.jll.co.uk/united-kingdom/en-gb/Research/JLL%20Urban%20Tendency%20Report.pdf

[44] GLA, London Development Database

quality of residential development appropriate for the new residents or the area in which they are located[45]. One borough highlighted that 53% of the granted prior approvals have been for premises that were occupied and in beneficial economic use[46]. They described how the uncontrolled loss of employment land is undermining the local economy and estimate that approximately 200 jobs have so far been lost/displaced as a result of the Government's policy As a result the Council is in the process of introducing an Article 4 Direction to recover planning control for this change of use[47]. . Overall, GLA monitoring shows that c56 per cent of PD schemes have involved occupied or part occupied office buildings.

3.15 Many of the submissions to the Commission expressed concern that PD rights, coupled with the intense pressure for housing and the significant loss of industrial land, have the potential to make outer London a 'dormitory' for central London workers[48],[49]. Whilst the Commission is sympathetic in part to this view, the Commission would distinguish between a perceived negative connotation of the outer London 'dormitory' role and the scope for it to become a more competitive location for businesses. The agglomeration benefits associated with the clustering of economic activity means that central London will provide the main focus for high value added employment opportunities, while outer London will be more appropriate for local employment opportunities with scope for clustering of sectors in certain places such as Town Centres, Opportunity Areas and Strategic Outer London Development Centres.

3.16 Research by GLA Economics suggests that levels of public transport and highway accessibility strongly influence the location of both employment and population. Areas within London with lower levels of accessibility (predominantly areas within Outer London) have a higher proportion of employment that serves the local population only. For areas of high public transport accessibility (predominantly central and inner London), a lower proportion of employment exists to serve the local population. In its place, more specialised and higher paid employment is found, access for which is predominantly gained through the public transport network[50]. That is not to suggest that there are no places, as described above, that are competitive locations for businesses and these should be supported as such.

3.17 There is also evidence to suggest that land made available for housing in areas of low transport accessibility could be associated with employment growth in the local economy; an increase to the resident population of 1,000 will on average have the potential to give rise to a further 171 jobs in the locality[51]. This is largely

[45] South London Partnership
[46] Kingston Submission
[47] Kingston Submission
[48] Bromley Submissions
[49] OLC Sub Regional Meeting Enfield – 15th July 2015
[50] GLA Draft Economics Evidence Base 2016
[51] GLA Draft Economics Evidence Base 2016

due to increased demand for commercial services and social infrastructure as a result of the additional housing.

3.18 In terms of striking an appropriate balance between provision for housing and economic activities, failing to meet the range of housing requirements represents a strong risk to London's global competitiveness[52]. It also has more immediate and social implications - ensuring a sufficient supply of affordable housing enables people, particularly those on lower incomes, to live closer to employment opportunities. This is particularly important in economic terms, both for the individuals in enabling them to access these opportunities, but also in terms of an appropriate labour supply to support and serve London's businesses[53]. Reducing the need to travel also has health and environmental benefits. The links between Government's Productivity Plans and new housing policies, including its emphasis on 'starter' homes, and what that might mean for the historic approach to affordable housing, may have implications for the types of people that can afford to live in different parts of London. The Mayor is advised to explore these linkages more thoroughly in reviewing the London Plan.

Recommendation 2

The Commission endorses the priority given to bringing forward good quality housing of the required type to meet London's needs but stresses that this should not be at the expense of securing sufficient capacity to develop its role as a commercially competitive and attractive world city and to meet its more local business requirements. The new London Plan will have to strike a careful, innovative and sustainable balance in reconciling provision for housing and other land uses.

Recommendation 3

The Commission supports the thrust of established Outer London office policy to manage the release of identified surplus capacity there through the planning process without compromising its competitive commercial offer and recognises that the national approach to Permitted Development Rights (PDR) raises tensions with this.

It advises the Mayor to undertake research on how further release of office capacity will bear on the competitive offer of different types of office location and affordable business premises, and draw on this to inform both the review of the London Plan and, working with the boroughs, to make any necessary further representations to government on refining the national PD policy in light of London's distinct circumstances.

[52] London First Submission

[53] Hounslow Submission

Type of employment space

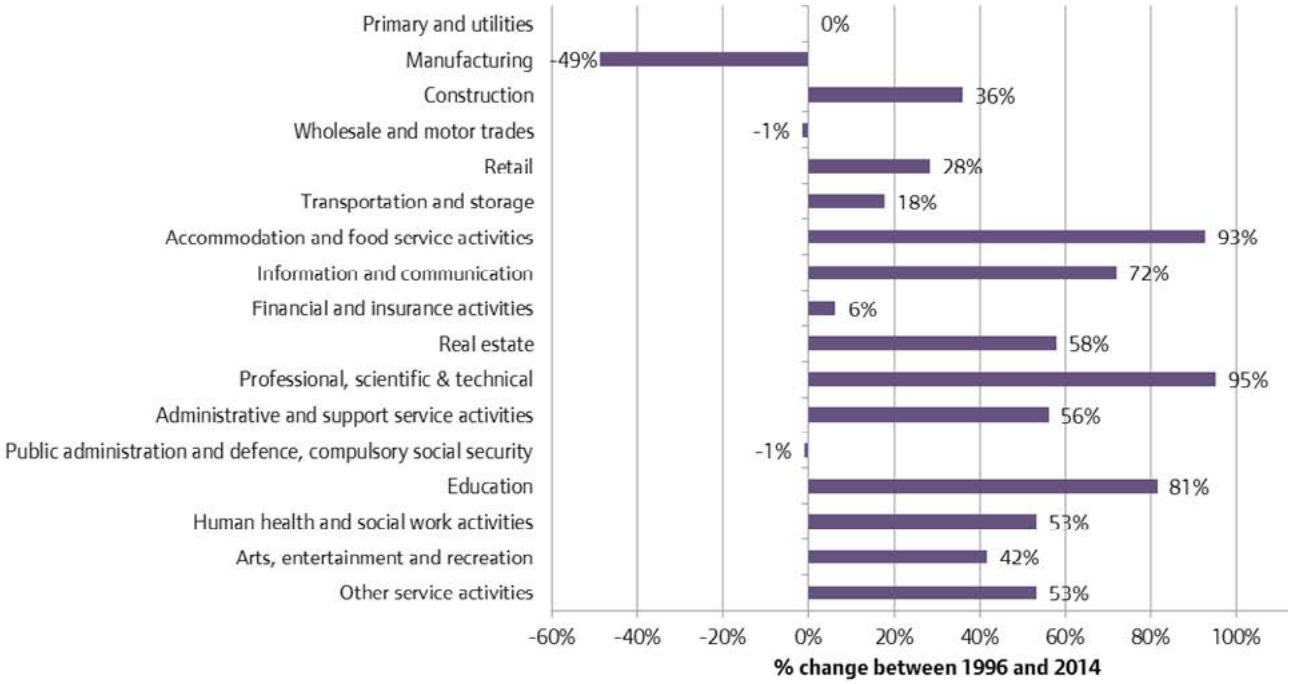
3.19 London is an internationally competitive city bringing trade not only to London itself but to the UK as a whole. London has a high rate of business start-ups and also a high rate of business failures; this churn of new businesses starting up, some succeeding, others failing, is generally considered to be a characteristic of a healthy economy. New enterprises bring innovative ideas and technologies to the market replacing old ones. Unproductive firms are forced to either become more efficient or to exit the market - a process known as 'creative destruction' which in turn helps to drive productivity growth[54].

3.20 The last three decades have seen a structural change in London's economy with a marked decline in manufacturing and a strong shift towards a service-led economy[55]. These changes are partly a result of its exposure to globalisation, which has led to London specialising in sectors in which it has a comparative advantage. On the whole this has meant specialisation in the service industries[56] and knowledge economy, including professional services sectors and technology and digital media/creative firms[57].

3.21 Figure 17 shows the changes in jobs per sector between 1996 and 2014. The largest growth in the total number of jobs was in professional, scientific and technical activities (+95 per cent), accommodation and food service activities (+93 per cent) and education activities (+81 per cent). Though employment in the manufacturing sector as a whole has been in decline for some time, detailed analysis by GLA Economics suggests that some areas of manufacturing have performed more strongly in recent years[58]. For example, the manufacturing of food products was 40 per cent higher in 2013 when compared to 1998.This could be because as transport costs increase, the benefits of being near the London market increase. However, it is not clear if this is temporary or whether it signals a longer term trend.

[54] GLA Draft Economic Evidence Base 2016
[55] GLA Draft Economic Evidence Base 2016
[56] GLA Draft Economic Evidence Base 2016
[57] NLP Workspace Futures – The changing dynamics of office locations 2015
[58] GLA Draft Economic Evidence Base 2016

Figure 17 Changes in jobs in London by sector between 1996 and 2014



GLA Draft Economic Evidence Base 2016: Workforce jobs, ONS.

3.22 In terms of the future, the employment projections indicate the largest increase in employment over the period to 2036 will be in the professional, real estate, scientific & technical activities sectors – nearly doubling to 1.1million. This is followed by growth in employment in administrative & support services, information & communication and accommodation & food services, which are expected to grow by a combined 536,000 jobs[59].

3.23 Understanding the changing relationship between jobs growth and land required to support different employments opportunities is fundamental to ensure that appropriate levels of employment land is available for different sectors to support the proper functioning of the city.

Offices

3.24 Office-based services will be the main driver of employment growth in London in the foreseeable future. PBA consultants estimate there will be 575,000 new office-based jobs in London over the period 2011-2036, which could require up to 7.5m sq.ft of net additional office space.[60] A study by NLP found that nationally, whilst the number of office jobs rose by 21 per cent in the last decade this was not paralleled by the stock of office space which rose by only 17 per cent. This could be due to changing working practices, such as more flexible working

[59] GLA Draft Economic Evidence Base 2016
[60] GLA Draft Economic Evidence Base 2016

Recommendation 4

The Commission continues to stress the need to enhance Outer London's contribution to the economy of the city as a whole. This will include improving and developing competitive business locations there eg. office centres, town centres and Opportunity Areas, as well as recognising its valuable role in providing an attractive residential environment. This should not be dismissed merely as a 'dormitory' function, and it should also be recognised that new housing of itself can generate employment eg. 170 new local jobs/1,000 new residents.

arrangements[61] or an increase in the number of self employed in the office sector, supported by technological advances and enhanced broadband connectivity[62]. In London this trend is even more pronounced; with only a 12 per cent increase in office floorspace compared to nearly 20 per cent increase in office jobs. Central London still provides the most demand for office space with most of the growth in the City of London and Tower Hamlets; these two boroughs accounted for almost two-thirds of the increase, adding 1.9 million square metres between them – or 160,000 square metres each year. Together with Westminster, these two boroughs account for almost half of the office floorspace across London (12.8 million square metres). In Outer London the total stock of office space has remained relatively static, declining by 67,000 square metres or 6,000 square metres per year, to 5.7 million square metres[63].

3.25 In terms of density, the London Office Panel Review (2014) indicated that London's office employment density has declined over the past decade to 11.3 sq m GIA. This is lower than the ratio of the UK as a whole (15.5 sq m). This may be a reflection of changing requirements and productivity as well as the highly competitive demand for space within London. Economic changes associated with the recession coupled with changing technology and competitive pressures, are impelling organisations to change the way they occupy office buildings. Higher employment densities (to reduce inefficient use of space), and increasing utilisation rates (as work styles change) have implications for the space requirements now and in the future[64]. At one end of the spectrum, corporate occupiers demand Grade A office space with large floorplates with supply being met through a combination of new construction, refurbishment and site assembly, through to small start up companies requiring cheap flexible space[65]. Media and tech companies often have different demands/requirements to more conventional professional business occupiers. Creative workers within the Technology, Media and Telecommunications (TMT) sector tend to value collaborative workspace[66].

[61] City of London. Future Workstyles and Future Workplaces in the City of London. 2015
[62] NLP Workspace Futures – The changing dynamics of office locations 2015
[63] GLA Draft Economic Evidence Base 2016
[64] NLP Workspace Futures – The changing dynamics of office locations 2015
[65] Kingston Submission
[66] NLP Workspace Futures – The changing dynamics of office locations 2015

3.26 Many outer London boroughs suggest that they provides considerable opportunity to deliver viable alternatives to the more expensive markets in some central London locations[67]. They stress that this opportunity is being put at risk by the PD rights for offices to residential conversions and that significant levels of these could ultimately result in town centres being unable to offer sufficient suitable office accommodation in the future. This could then impact on the viability of other sectors within those town centres[68].

Retail

3.27 In terms of retail space, according to forecasts by Experian, London will need an additional 0.9 million square metres of comparison goods retail space by 2036[69]. The Experian report however, points to spatial differences in retail floorspace requirements with a significant number of outer London boroughs estimated to require less retail floorspace than they currently have. The OLC's Third Report looked in detail at this issue and examined how the role of town centres may need to change in order to take account of the effects of changing patterns of consumer expenditure and in particular the effects of multi channel retailing. The previous Commission's report recommended that many of the town centres in outer London may need to reinvent themselves to ensure they are resilient to negative effects of polarisation brought about by these changes. For those town centres that will see a contraction in retail floorspace requirements, the release of retail uses should be managed proactively so that these centres can still function in a coherent manner by having a more focused retail core but allowing the secondary and tertiary streets to become more mixed enabling these centres to develop alternative functions and attractions which complement the offers of the other town centres.

[67] Croydon Submission
[68] Croydon Submission
[69] Experian, Consumer Expenditure and Comparison Goods Retail Floorspace Need in London, 2013

Industrial Land

3.28 The Commission's third report also showed that changes in consumer behaviour meant that a number retailers are beginning to take on more of a 'showroom' function, potentially holding very limited stock for display purposes and relying on stock held elsewhere to fulfil orders[70]. This is likely to have implications for the use of and demand for warehousing space. The need for fast and predictable delivery times may also change the preferred locations for warehousing space. Specifically, firms could increasingly require warehouse space near to their customers so they can offer better delivery options. Rapid delivery and a hub and spoke model, alongside the loss of industrial land, increasingly suggest there may be greater demand for larger logistics hubs outside London and more and smaller facilities within.

3.29 A move towards a hub and spoke model in the logistics sector has implications for movement patterns, in particular 'white van' traffic generation as very often provide the last leg in the journey for goods ordered online[71]. Research by TfL indicated that trends in the amount of freight traffic on London's roads have mirrored the fortunes of the wider economy. Van traffic in London as a whole increased by 3.4 per cent in aggregate between 2008 and 2014, driven by an 8.3 per cent increase in van traffic in outer London, although there were declines van traffic in central and inner London of 4.9 and 6.0 per cent respectively over the same period[72]. However, this masks the effects of the recession. Between 2008 and 2011, van traffic declined by 6.1 per cent, but has been growing strongly since then, with van traffic in 2014 10.1 per cent higher than in 2011[73]. This could have environmental and congestion impacts, particularly as London is already breaching air quality limits in many places. It is understood that the GLA are piloting a scheme whereby the one white van is used to deliver for a range of companies (which receive small packages deliveries) to specific locations in order to reduce the number of vehicles to a single place[74]. This requires co-operation and an acceptance that just-in- time deliveries targets may not be achieved. Companies which deliver large packages, such as furniture or time important goods such as food shopping, are likely to continue to use their own vehicles.

3.30 This trend, along with other changes, has implications for the demand for industrial land. London's industrial estates provide a valuable source of land for a wide range of different employment sectors. In 2015 there was an estimated 6,976 hectares (ha) of industrial land in London of which 4,553ha is of core industrial use (65%), 1,877ha is of wider industrial uses (27%) and 547ha is vacant land (8%). Of this outer London contained approximately 5,296ha or

[70] OLC's Third Report June 2014
[71] Barnet Submission
[72] TfL Travel In London Report 8
[73] TfL Travel In London Report 8
[74] GLA, Parcel Deliveries with electric vehicles in Central London, 2015

Recommendation 5

London Plan office policy should continue to distinguish between the distinct needs of the central London office markets eg CAZ, Northern Isle of Dogs and Tech City, and those of other office locations elsewhere in London, focusing viable development on Strategic Office Centres and appropriate Strategic Outer London Development Centres, Town Centres, Opportunity Areas and other types of location identified in paragraph 4.12 of the London Plan.

If additional, viable, new office capacity is required beyond central London, consideration should be given to assessing the potential for a limited number of highly connected locations to enhance Outer London's offer as a competitive business location, supported if necessary by higher density, housing led, mixed use development.

The Commission's suggested approach to national policy on Permitted Development Rights is set out in Recommendation 2.

The Commission believes that an informed London Plan requires a better understanding of the implications of technology on the workplace, transport connections, the built environment and locational issues both inside and outside London for both office and industrial uses – see Recommendation 7.

76% of the total, of which 68% is in use for core industrial activities. In terms of sites, about a half was within Strategic Industrial Locations (SIL) (3,534ha), 14% in Locally Significant Industrial Sites (947ha), and the remaining third in smaller, undesignated sites (2,496/ha) Recent data suggests that London is losing over three times the amount of industrial land compared to the benchmarks set out in the GLA Industrial Land SPG. Between 2010 and 2015, 105 ha per annum is being lost compared with the London Plan/ SPG recommended rate of release of 36.6 ha per annum. [75]

3.31 The stock of vacant industrial land has also being decreasing over the past decade or more, from 16% in 2001 to 14% in 2006, 12% in 2010 and 11% in 2015. If vacant sites in the development pipeline (approvals) are excluded, the rate of vacant industrial land for London as a whole falls to 8%, which is only slightly higher than the frictional vacancy rate of 5% suggested is needed (for movement within the stock). For outer London the vacancy rate is 7.3%. Based on these trends, industrial land in London will decline by a further 33% between 2015 and 2041 to around 4,700ha. Moreover if the current trend of release continues then the SPG target will be reached by around 2017 and exceeded significantly by 2031.[76]

[75] GLA, Industrial Land and Supply and Economic Study 2015

[76] GLA, Industrial Land and Supply and Economic Study 2015

Recommendation 6

The Commission reiterates its previous advice on town centre renewal and is not convinced that the fullest opportunity has been taken to identify and realise the scope for this suggested in its earlier proposals for higher density, housing led, mixed use redevelopment of selected town centres.

Proposed research on retail need and consumer expenditure should assess whether assumptions on the quantum, type and likely location of surplus retail space are based on fact; if they are, the policy should be pursued more vigorously. Research should also provide further evidence for the Mayor and boroughs to make representations to government to ensure that national policy on liberalisation of Permitted Development does not compromise initiatives to maximise the scope for comprehensive town centre redevelopment in the distinct circumstances of London.

Figure 18 Industrial Land Release 2010-2015 compared to SPG benchmarks

GLA Industrial Baseline Study 2015

3.32 The development pipeline and proposed future industrial land release in OAPFs, Local Plans and Housing Zones could result in a further reduction of 830 hectares suggesting that recent London-wide trend rates of release will persist, resulting in a 33% decline over this period.

Figure 19 Industrial land release in the planning pipeline 2015 onwards

Type of release	Potential industrial land release (hectares)	Cumulative (hectares)
Planning approvals	189	189
Opportunity Area Planning Frameworks	363	552
Local Plan Policies (Pre-submission)	75	627
Local Plan Policies (Issues and options stage)	81	708
Housing Zone sites	126	834
Total	**834**	

GLA Industrial Baseline Study 2015

3.33 The loss of employment land in London's industrial estates is seen as a significant risk by a number of outer London boroughs[77] and others[78], as they can be valuable sources of employment in sectors such as distribution, manufacturing, construction, catering and other light industrial uses, particularly in relation to the amount of space needed to support these types of sectors. They also offer cheap space to a whole range of SMEs and start-up companies.

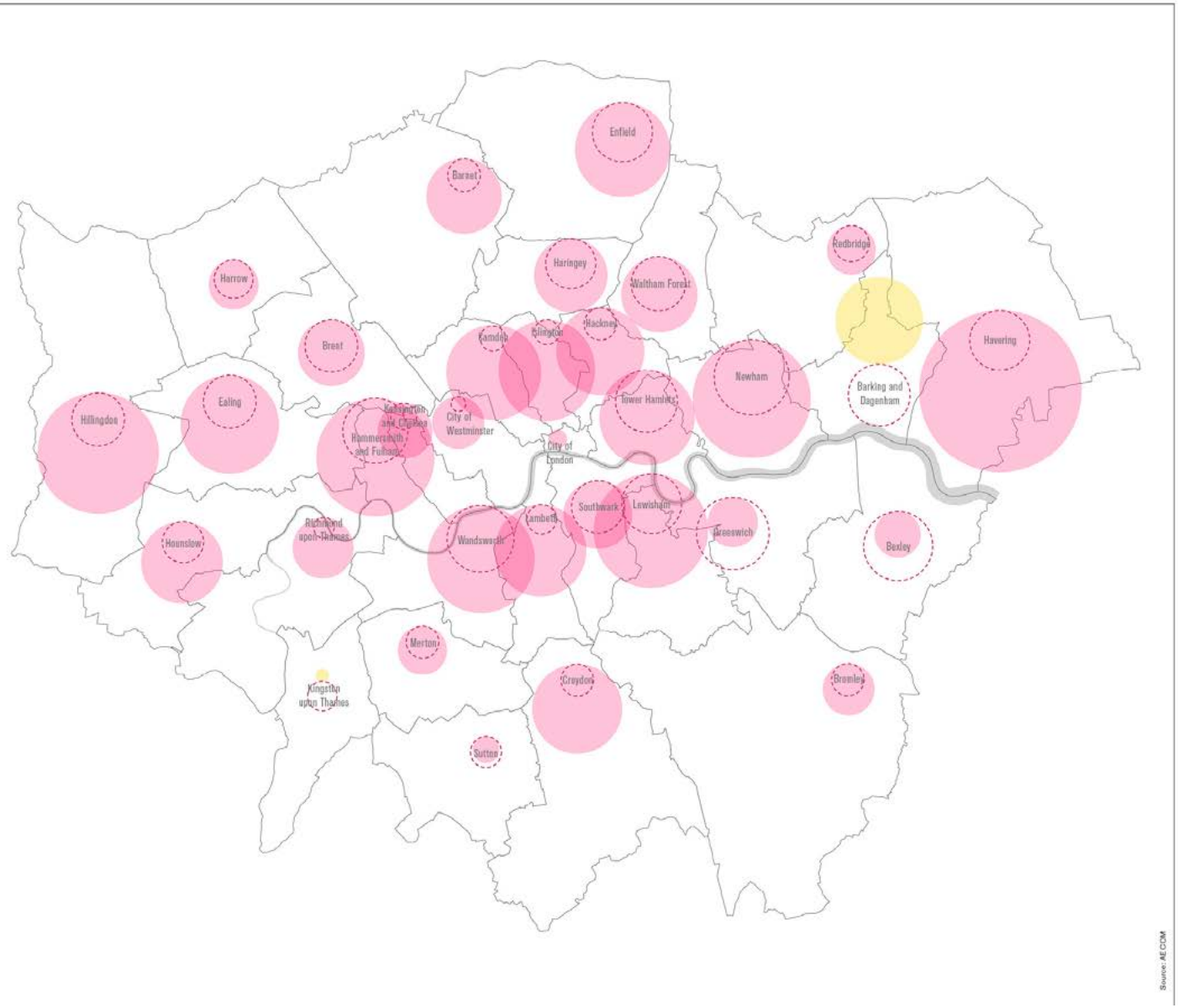
3.34 Case studies suggest that at a local level, significant shifts to non-industrial uses can undermine the integrity of industrial areas[79]. An alternative perspective is that the market should determine the optimal use of industrial land through prices and these industrial premises may be better located elsewhere in terms of economic efficiency. However there does not appear to be strong evidence so far to suggest that reductions in availability of land and property have a direct correlation with increases in industrial rents at a local level[80].

3.35 Analysis from the GLA, Industrial Land and Supply and Economic Study suggests that there could be an emerging pattern of industrial sectors that are more

[77] Barking and Dagenham Submission
[78] London First Submission
[79] GLA, Industrial Land and Supply and Economic Study 2015
[80] GLA, Industrial Land and Supply and Economic Study 2015

sensitive to London and/or central London locations tending to remain or grow in London (eg logistics, food,

Figure 2-18: SPG Industrial Land Benchmark Release: 5-Year Equivalent Compared to Actual Release 2010-2015



construction, waste, motor vehicle servicing and repair), and other sectors that are less sensitive to location tending to leave London (manufacturing, chemicals and metals). The analysis therefore suggests that overall there may be

potential for the South East region to (continue to) accommodate overspill demand from London or that demand may transfer to the area as supply in London contracts. However, once this industrial land is redeveloped, if demand for these uses within London increases again, it will be very difficult to accommodate them due to their 'land hungry' character. A better understanding of these issues is essential[81].

Recommendation 7

The Commission shares the Mayor's concerns over the loss of capacity for 'industrial type' activities but, as indicated in Recommendation 2, recognises that a careful balance will have to be struck in protecting that which performs important economic functions for the London economy as a whole and identifying and releasing genuinely surplus provision for other priority uses not least housing. It therefore suggests that proposed research to inform the new London Plan should investigate:

the functional importance of 'industrial type activities' to the London economy as a whole, including its productivity;

the underlying drivers of demand for, and the changing needs of 'industrial type' activities, including the impact of the growth of online retail and changing demand for storage and distribution;

the locational needs and land use requirements for different sub-sectors, including 'creative' and 'tech' industries, research and development and science which can be 'on the cusp' between office and industry in land use terms but primarily need affordable business space;

the need to retain and protect existing industrial locations and premises in order to sustain necessary affordable business space, business clusters, industrial amenity and/or accessible hubs;

the scope for more intensive use of existing industrial capacity;

the scope for 'co-location' eg through mixed use redevelopment/intensification (see Recommendation 25);

the scope for relocation of some of these activities within London, and (see Recommendation 24) beyond its borders (eg linked to the strategic road network) and the particular implications of these moves for servicing other parts of the London economy and for traffic generation; and

the implications of the potential loss of industrial type activities for local employment and local economies.

[81] OLC Sub Regional Meetings Ealing 21st July 2015

Business Location Factors

3.36 There are many factors that influence business location decisions. In the London Business Survey, 32% of business identified the supply of commercial premises as having a negative or very negative impact on their business[82]. This view was echoed by many of the outer London boroughs which stressed that there is a need to ensure sufficient employment space of the right type and of appropriate quality, at commercially viable prices, to sustain current and future forms of economic activity and growth[83].

3.37 The costs of premises and employment space can be fundamental to business location decisions. There is a concern that the cost of workspace in London is such that start-ups and small businesses cannot find the space they need, and that this may be damaging the economy[84]. However analysis of start-ups, closures and firm migration indicates that until 2008-09, London saw a significant net gain in new firms. Since then, gains and losses have been relatively evenly matched subject to year on year volatility, through on the whole, gains still exceed losses[85]. This suggests that on the whole London is providing premises that are suitable for a whole range of businesses. However whether these are in the right location is a different question. Facilitating the provision of workspaces that are affordable for a range of size of company and sectors will enable authorities to support the entire spectrum of business growth within their boroughs. This will enable businesses to remain within a local area, recognising that they might at some point wish to 'move on' as their business requirements change. Historic buildings are particularly attractive to some employment uses and investment opportunities, specifically creative industries, because often they are smaller, more flexible and cost effective[86].

3.38 Affordability is important in encouraging fledgling businesses to set-up and remain in their local areas. The London Enterprise Panel recently commissioned research to examine the supply of incubator, accelerator and co-working space in London. Incubator space is typically space designed to support the growth of start-ups or a business in early stage development with associated business support facilities. Accelerator space refers to space for start-ups or existing businesses with high growth potential with support services provided by investors who may then seek an equity stake or some other financial return. Co-working spaces provide a combination of workplace and support facilities at affordable rates on ad hoc or short-term bases with access to meeting rooms or other shared facilities. The research found there to be 132 incubator, accelerator and co-working spaces in London which accommodate upwards of 3,800 SMEs in a

[82] GLA Draft Economic Evidence Base 2016
[83] Croydon Submission
[84] GLA Draft Economic Evidence Base 2016
[85] GLA Economics: Spatial Nature of London 2015
[86] Historic England Submission

given working day. Over two thirds offered office space, around a quarter offered workshop space, and less than ten IACs provided laboratory space. Provision is concentrated in the Central Activities Zone (CAZ) and CAZ fringe boroughs with much less provision in outer London, which tends to include facilities with a social focus operating in partnership with local authorities, charities or housing associations[87]. In the absence of a more robust data set, it is difficult to discern whether the market is failing to provide sufficient affordable workspace provision in outer London or if this is a reflection of lower demand[88].

3.39 Related to cost is quality. Buildings of different qualities are also needed to support a range of business from basic (but with certain givens like ultra-fast broadband) at the start-up/incubator/low-cost end, through to grade 'A' quality buildings for more established businesses. This would enable individual businesses to have choice of location based on need and affordability at their current stage of growth. Some outer London boroughs indicated their concern at the quality of some of their stock and the supply of certain types of space such as Grade A office space[89]. If outer London is able to offer a viable alternative to the central London market then there is a need for the existing stock to be refurbished, particularly the provision of new Grade A office floorspace in locations close to key transport nodes[90].

3.40 The type of workspace businesses require is also changing as businesses increasingly understand the important role that workspace plays in the fight for a talented workforce. A range of different flexible spaces which are appropriate for the variety of sectors operating within a borough will allow premises to be adaptable depending on the market[91]. As described before whilst employment densities are generally increasing, particularly in the office sector due to changing working practices, there is a trend towards more flexible and collaborative spaces, including breakout areas[92].

3.41 Small businesses are very important to London, and in particular outer London, where they provide the majority of local employment opportunities. There are approximately 237,000 registered SMEs in outer London (99.7% of all registered, local units in outer London[93]), accounting for between 45 per cent and 55 per cent of employment in outer London[94]. Boroughs should consider how different types of spaces may be provided to ensure that SMEs have a range of options suitable for their needs. This may include flexible incubator space for high tech, green and

[87] Maccreanor Lavington Architects et al, Accommodating Growth in Town Centres, 2014
[88] London Enterprise Panel – check ref
[89] Kingston Submission
[90] Croydon Submission
[91] Cryodon Submission
[92] NLP Workspace Futures – The changing dynamics of office locations 2015
[93] ONS UK Business: Activity, Size and Location, 2015
[94] BIS Business Population Estimates

creative industries businesses; shared workspace available on an ad hoc basis; small cellular offices available on an ad hoc or for an agreed term; use of shared meeting rooms on ad hoc or agreed term; larger office spaces available for agreed lengths of time; training, event and performance areas available on an ad hoc basis; or smaller spaces for manufacturing/producing – possibly combined with front office space for selling - this might apply to small manufacturers, 3D printers, food makers, craft makers etc[95].

3.42 The number of people who are self-employed has risen dramatically. There has been 26.8 per cent increase between 2006 and 2015; this compares to 17.9 per cent increase in all other employee jobs[96]. In fact, the growth in self-employed jobs since 2006 can partly explain the overall rise in workforce jobs in London. This has implications for the amount of employment land and types of spaces potentially required. The self-employed, unlike other sectors, comprise a wide variety of jobs and therefore their needs also vary enormously. Many may work at home, thereby potentially reducing the amount of employment land needed to meet their needs. However this type of provision may have knock-on implications in terms of the type of housing provision, particularly in outer London where there are more back gardens, which in the past have offerred opportunity for the provision of offices or workspaces or indeed the provision of live/work units[97]. Those who wish for more interaction may choose to operate in co-workspaces as described above.

3.43 Although the concept of live / work units may come back in favour with the increased trend in home working and the rise in the number of self-employed, the Commission has some reservations about how this works in practice once the first occupiers decide to sell and move on, or whether it can actually be enforced. There may however be limited scope for the co-location of residential and business uses. The Further Alterations to the London Plan explored this as a policy option. In particular the Plan encourages the co-location of social infrastructure (which are also businesses and employers in their own right) with housing, and it is considered that this type of co-location is beneficial in terms of land optimisation, access to services and closeness to customer base but it can also bear negatively on residential amenity, which may in turn lead to the business activities being found unacceptable.

[95] Kingston Submission
[96] ONS workforce jobs
[97] Barnet Submission

Recommendation 8

The Commission stresses the need for the Plan to underscore the importance of providing for a range of business premises in terms of size, type, location, cost, quality and design, recognising that new build may not bring forward some of the more affordable spaces which are necessary for economically essential but 'lower value added' support services and smaller firms, including serviced office space in view of the costs associated with redevelopment. Protection rather than redevelopment may be required to support these.

Residential Density

3.44 The efficiency with which land is used in terms of development density can be a function of its cost, competition between different uses, the overall policy context, public transport accessibility and other infrastructure. The GLA has commissioned research to explore this more thoroughly, as well as the role of qualitative factors which bear on density such as individuals' preferences for, and acceptance of living at different densities – a point which was raised repeatedly in discussions with the Commission. The study will explore differing definitions of urban density, whether this be in terms of the geographical units to which it applies or units of account eg population, households, floorspace, dwellings, rooms, building height, plot ratio.

3.45 With the expected growth in London's population, there is increasing concern over how this is going to be accommodated, whether through increasing the density on existing identified sources of land or exploring the potential of other sources of supply. In order to understand these options it is useful to consider their context in terms of London's existing density.

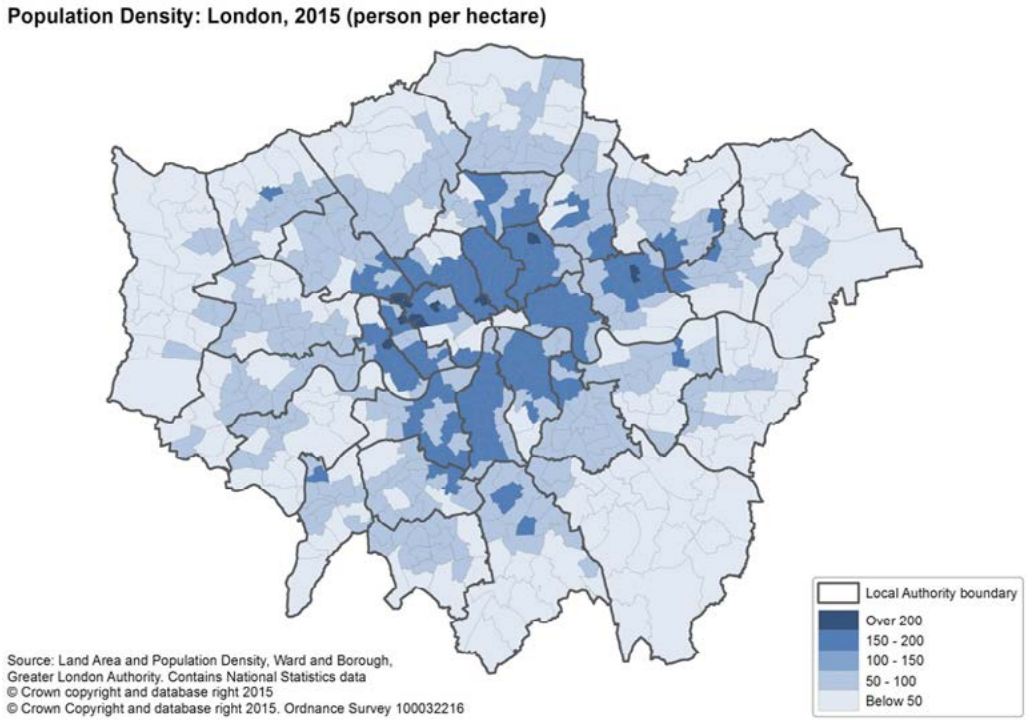
Figure 20 Total population and density by borough, 2014

BOROUGH	POPULATION, 2014	AREA (KM2)	POPULATION DENSITY (PERSONS PER KM2)
Barking and Dagenham	203,060	36	5,626
Barnet	380,778	87	4,390
Bexley	240,562	61	3,972
Brent	325,257	43	7,523
Bromley	324,558	150	2,161
Camden	237,364	22	10,890
City of London	8,211	3	2,833
Croydon	380,749	87	4,401
Ealing	349,727	56	6,299
Enfield	329,038	81	4,071
Greenwich	270,187	47	5,707
Hackney	265,317	19	13,918
Hammersmith and Fulham	181,718	16	11,078
Haringey	270,983	30	9,158
Harrow	249,840	50	4,950
Havering	247,058	112	2,199
Hillingdon	296,490	116	2,563
Hounslow	271,843	56	4,856
Islington	224,554	15	15,112
Kensington and Chelsea	155,739	12	12,840
Kingston upon Thames	170,899	37	4,588
Lambeth	321,984	27	12,005
Lewisham	294,096	35	8,368
Merton	208,454	38	5,543
Newham	332,583	36	9,181
Redbridge	297,447	56	5,273
Richmond upon Thames	196,152	57	3,416
Southwark	306,745	29	10,631
Sutton	201,207	44	4,589
Tower Hamlets	287,093	20	14,522
Waltham Forest	273,934	39	7,058
Wandsworth	318,016	34	9,282
Westminster	234,988	21	10,941
Inner London	3,439,389	319	10,772
Outer London	5,217,240	1,253	4,164
London	**8,656,629**	**1,572**	**5,506**

GLA trend-based population projections (short-term migration scenario)

3.46 Figure 20 shows the population density per borough across London. Overall, London's population density is 5,500 people per sq km, with much higher densities in inner London at 10,800 people per sq km increasing to 11,600 people per sq km in Central London. Density in outer London is much lower at 4,200 people per sq km with density lowest in Bromley with 2,200 people per sq km. Figure 21 shows how this looks spatially, at a more fine spatial grain, with the highest densities generally in inner and central London with pockets of high densities in the metropolitan centres in outer London.

Figure 21 Population density in London, 2015

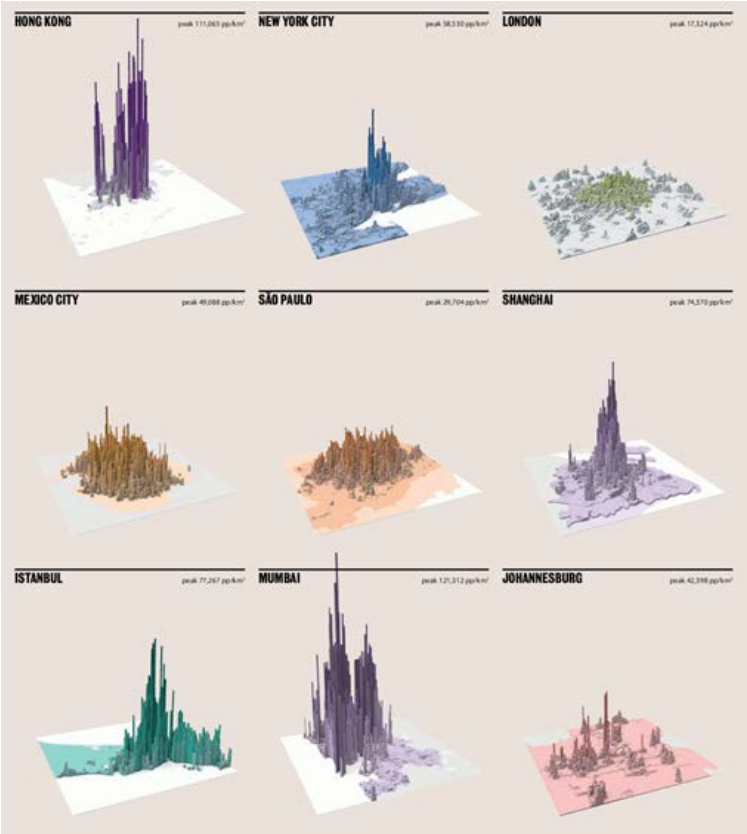


3.47 There are significant variations when comparing population densities spatially in different parts of cities. Based on the metropolitan areas of London, Tokyo, Paris and New York, Tokyo has the highest population density with more than 6,000 people per sq km, followed by London then Paris and finally New York at 2,700 and 2,050 respectively[98]. However when comparing the central areas of these cities, London has the lowest density. The density of central Paris is 1.8 times that of central London; Manhattan and the Bronx in New York 1.6 times the density, and central Tokyo is 1.4 times as dense[99]. Moving further out from the centre, New York City has the highest density of the four cities at 8,800 people per square kilometre, followed by London with a density of 4,200. This is higher than the Tama area in Tokyo by around 15 per cent, but around 8 times the density of outer Paris.

[98] http://www.citymayors.com/statistics/largest-cities-density-125.html

[99] GLA Draft Economic Evidence Base 2016

Figure 22 Comparison of density across international cities



https://lsecities.net/media/objects/articles/urban-age-cities-compared/en-gb/

3.48 Compared to other major European cities however, London is relatively dense, although it should be noted that most other major European cities cover a much wider geographic area than London, despite their lower populations. Geographically, Madrid is five times bigger than London, Rome is three times the size, whilst Bucharest is 12 per cent bigger than London but is home to around one quarter of the people[100].

3.49 There are both advantages and disadvantages to higher densities. Economic advantages of higher densities include improving a city's economic efficiency and employment opportunities through agglomeration of businesses, increases in productivity levels and the provision of a critical mass to support social and physical infrastructure, including a more viable and efficient public transport network. High densities are also associated with a reduction in carbon emissions and pollution due to lower rates of vehicle use, making better use of natural resources and facilitating more energy efficient buildings through greater opportunities for linking to decentralised energy networks[101]. However, people experience density in different ways and therefore the results of research into the impacts of density are often mixed. There are health benefits from increased

[100] GLA Draft Economic Evidence Base 2016
[101] GLA Draft Economic Evidence Base 2016

density as there are more opportunities for cycling and walking due to people being in closer proximity to services. This can also help to reduce social exclusion. Higher densities can also lead to a greater choice of homes thereby reducing social inequality; however higher densities can also lead to more cramped living conditions, a loss of privacy, increases in noise and nuisance, contribute to a lower overall sense of community and have an impact on people's mental health and wellbeing[102]. As with many impacts, these vary depending on the circumstances of the individual.

3.50 Many of these issues can be overcome with appropriate design, although there will be absolute limits as to the overall density of an area before the negatives of density start to outweigh the positives. The London Plan, Policy 3.4, recognises that in optimising the housing potential of a site a range of factors need to be taken into account. The policy sets out a density matrix which is predicated on the relationship between public transport accessibility and land use. Historically this has been considered fundamental in ensuring that development in London is sustainable in the broadest sense, and the matrix expresses this as ranges for appropriate residential density in different urban settings.

3.51 There has been much discussion amongst practitioners over the application of the density matrix. The density matrix was designed to be only one of a range of factors to be taken into account in optimising the scale of development on a site. However, its ease of use may have led it being perceived as the primary consideration. In reality, other factors are taken into account and this results schemes going beyond ranges in the matrix[103]. This may be due to a range of factors including a better appreciation of local context. In 2013/14 only 43 per cent of schemes were within the density ranges with 50 per cent above the range and 7 per cent below the range[104]. Although the percentage of those schemes above the range was higher than the previous year (35 per cent), overall it represents a reduction from the period 2006/07 to 2011/12, during which 53 per cent - 60 per cent of schemes were above the relevant density ranges. Whether this is a problem or not is a point of debate. Some stakeholders consider that because a large proportion of schemes are higher than the density ranges for their relevant 'settings' then the matrix is not being applied appropriately[105]. However it is, at most, only a starting point in a process in which a range of other factors, particularly a more detailed understanding of local context, come into play. Indeed many outer London boroughs have stressed the usefulness of the matrix for negotiation purposes[106]. Although some have emphasized that the London Plan should be more explicit in that if a development falls within particular ranges, certain requirements would be expected, for example the provision of

[102] GLA Draft Economic Evidence Base 2016
[103] London First Submission
[104] GLA, Annual Monitoring Report 2013/14
[105] OLC Sub Regional Meeting Ealing 21st July 2015
[106] Ealing Submission

social infrastructure so that these are 'givens' rather than parts of negotiations[107].

3.52 Regardless of whether the density ranges themselves are appropriate, many stakeholders suggested that there was a need for a more sophisticated set of typologies than is currently set out in the London Plan[108]. Particular proposals should be judged on a broad set of criteria including its location, the characteristics of the development; the strategic context of the development; transport accessibility and social infrastructure needs[109]. The current definition of settings is considered by some to be too crude; specifically the use of 800m from a centre seems quite abstract[110] and does not necessary reflect access / capacity of infrastructure and services. The settings themselves are also widely open to interpretation and a number of stakeholders suggested that some boroughs applied them too rigidly and mechanistically.

3.53 Measuring density on a site-by-site basis also provides a limited understanding of the impact of proposed densities on a wider area. For example, the matrix does not take into account the existing density of a particular area, the intensity of use of its infrastructure, or the cumulative impact that other development will have on it. This may mean that the potential of sites are under estimated in terms of their capacity or impact in the surrounding neighbourhood.

3.54 A number of stakeholders also highlighted the practical limitations of PTAL, particularly in outer London[111]. PTALs are often reflective of radial routes into central London, whereas many desire lines may be orbital. Some areas might have a high PTAL rating and therefore seem to allow for higher density schemes but in fact in some parts of outer London might generate significant traffic congestion as the desire lines are in orbital directions rather than radial. Conversely, TfL pointed out that a higher density of people would support a greater provision of public transport, which in the case of orbital routes in outer London is likely to be more bus routes and increased frequency of those services[112].

[107] South London Partnership Submission
[108] London First Submission
[109] London First Submission
[110] South London Partnership Submission
[111] Kingston Submission
[112] OLC Sub Regional Meeting Croydon – 22nd July 2015

Optimising the Benefits of Growth

3.55 Whilst the challenges of population and employment growth face London as a whole, it is the impact of that growth which is felt locally. Despite the severity of the 'housing crisis' and its consequential negative effects, public opposition to development remains a problem. While 80 per cent of people agree that there is a 'housing crisis' in Britain[113], 45 per cent of people would actively oppose housing development in their local area[114]. However, there are significant regional and local variations, with some actively in favour of new development. It is therefore important that the benefits of growth are understood by the local communities that will experience them and that they feel involved in helping to shape that growth. A GLA survey of public attitudes to growth listed housing affordability, health services and waiting times, and public transport as Londoners' top three concerns about growth[115]. The same survey also found that around a quarter of Londoners think that new development will not deliver the necessary infrastructure to support that growth. Genuine community engagement in plan making and encouraging developers to engage with communities at the pre-application stage, when there is more scope /opportunity to influence proposals, can help to empower communities and break down prejudices. Neighbourhood Plans also provide an opportunity for communities to shape and facilitate growth in their areas as well as help build up a local understanding and appreciation of the balancing of issues that often needs to happen. New technology, (digital and media) can help with these dialogues, lending a fresh perspective and can expand the breadth, depth and quality of engagement

3.56 One of the main concerns relating to growth is the pressure on existing social infrastructure[116]. However if planned and implemented properly, housing growth will facilitate the provision of additional social infrastructure which can help to ease pressure on existing services, and also benefit existing residents. In addition, in some parts of outer London with low population densities, increasing the population of an area can make some social infrastructure services more viable than they otherwise would be.

3.57 Some stakeholders have raised concerns related to the timings of the provision new social infrastructure in that it is often provided after a new development has been started, which exacerbates perceived and real pressure on existing infrastructure for both the new and existing residents. It is important to make a distinction between access to services – how far people need to travel to reach

[113] Ipsos MORI (2012) Property Snakes and Ladders. London: Ipsos MORI. Retrieved from

[w]ww.ipsos-mori.com/Assets/Docs/Infographics/ipsos-mori-housing-snakes-and-ladders-infographic.pdf

[114] NatCen (2010) British Social Attitudes 28: Housing. London: NatCen Social Research. Retrieved from http://ir2.flife.de/data/natcen-social-research/igb_html/pdf/chapters/BSA28_8Housing.pdf

[115] GLA / ICM telephone poll of public attitudes to growth, conducted with a representative sample of 1,003 adult Londoners in March 2015

[116] OLC Sub Regional Meeting Croydon – 22nd July 2015

Recommendation 9

The Commission endorses the principle of densification as an essential element of a strategy to accommodate growth sustainably, and considers that the London Plan's overall approach to linking higher density development, public transport accessibility and character is basically sound but, within this, recommends that aspects and application of the Sustainable Residential Quality matrix should be reviewed.

This should include exploring whether the top and bottom of the various density ranges in the matrix should be retained or changed; whether the settings need to be 'modernised' or extended; and whether the measures of connectivity eg PTAL should be refined or amplified eg through ATOS showing access to facilities or by taking account of network capacity (see Recommendation 11).

Consideration should also be given to attaching greater weight to the other elements of the 'Optimising Development' policy so that the density matrix is used less mechanistically/as the primary implementation tool eg by providing additional qualitative policy to guide proposals above and below the ranges: a significant number of proposals exceed the 405 dwellings per hectare (dph) maximum in the Matrix and some reach densities of 2,000 - 3,000 dph. Consideration of such proposals should be informed by a better appreciation of their bearing on quality of life, and design and density policies should be more closely integrated.

social infrastructure services, and the capacity of social infrastructure services relative to the demands of the population. Local infrastructure requirements should be identified and innovative funding solutions found ahead of major new development to both facilitate and stimulate the growth, and address local concerns about inadequate infrastructure provision. The use of existing tools such as CIL and planning gain will be important in this[117] as well as others such as TIFs (Tax Increment Finance). One outer London borough suggested that the delivery of borough social and community infrastructure plans could be reported and assessed through their Annual Monitoring Reports[118]. It is understood that the GLA is currently facilitating the development of a London Infrastructure Mapping Application, which will bring together information from a range of sources to help infrastructure providers forecast growth, plan investment and coordinate delivery.

3.58 Benefits can also be maximised by ensuring that, as far as possible, growth takes place in the right locations and meets the right tenure and mix requirements[119]. This is especially important in addressing the challenges of housing. The average house price in London is now 10 times average incomes[120], with reports of local residents being priced out of their local areas, and sometimes out of London completely. A mix of tenure will help to ensure that a range of people can access different housing options to meet there needs, helping to maintain sustainable,

[117] Croydon Submission

[118] Barnet Submission

[119] Kingston Submission

[120] ASHE workplace-based earnings from 1997 to 2014. ONS simple average house prices, 1969-2014.

mixed and balanced communities.

3.59 Quality and design is critical to mitigate local concerns. A number of outer London boroughs have emphasised the importance of quality design and have stressed that it can be a counter-balance to concerns about density[121]. High quality design can not only ensure new developments are able to integrate seamlessly into the surrounding area, taking account of the local context, but in areas which are in need of regenerative benefit they can also help to improve the physical environment.

3.60 One benefit of growth arguably underexploited by boroughs is the provision of local employment, both during construction and also in terms of long-term jobs within completed commercial developments. Whilst S106 conditions can be applied to secure jobs for local residents, significant levels of local employment are only achieved where the local authority or another agency is providing some form of proactive job brokerage service[122]. This is particularly important if the ambition is to secure employment for local residents who are out of work or long-term unemployed, or where residents require further skills training to access the labour market[123].

3.61 The provision of a robust and resilient transport infrastructure is also important in realising and maximising the benefits of growth[124]. This is recognised at a strategic level in terms of how major transport infrastructure can help to unlock growth but there also needs to be a more fined grained appreciation in investment of the ways in which more localised benefits of the bus network and connectivity tat major interchanges. This is particularly important in outer London where there is a need for improved orbital transport improvements.

Recommendation 10

The Commission recognises that established communities can be challenged by the prospect of change and growth; that this can constrain opportunities to address their own and wider needs; and that positive community engagement in the development process can help address local concerns.

Community engagement early on in plan making and encouraging developers to engage with communities at the pre-application stage can help to empower communities when there are more likely to be genuine options for change. New technologies and techniques can help with these dialogues, lending a fresh perspective, helping toexpand the breadth, depth and quality of engagement.

[121] Kingston Submission
[122] Croydon Submission
[123] Croydon Submission
[124] South London Partnership Submission

Land Release Issues

3.62 Cities expanded at historically unprecedented rates in Britain during the nineteenth and early twentieth centuries, but urban land was not in restricted supply because new transport – commuter rail, trams, London's underground and then arterial roads – opened up development capacity as it was needed. The Policy Exchange notes that the 1947 Town and Country Planning Act, which changed development rights and invented a new legal definition of development so that any change of use required specific 'development' permission and introduced urban containment policies such as greenbelts, effectively distorting the 'market' for land[125]. This has constrained land supply, and pushed up the price of homes far beyond the basic building costs.

3.63 Urbed describes how the UK planning system is designed to be 'plan led' which means land is allocated to ensure that development is located in the most sustainable locations. Sequential development makes it predictable which land will eventually be released for development. In anticipation, land is acquired/ optioned for development by the major house-builders and land speculators, who offer to promote the land for development and in return to pay much of the resulting land value uplift to the landowner. When land is earmarked for development the purchase price increases i. For example, an average piece of farmland in the UK is worth around £15,000 per hectare in agricultural use. If it is granted consent for housing then its value rises to more than £2M per hectare[126]. Consequently the costs to develop that land (which includes the price paid for the land) rises significantly, which often results in higher densities, and potential lower quality development, as developers squeeze more and more homes onto sites to make them financially viable, off-setting the cost of the land.

3.64 Land release / planning permission is also controlled by local authorities which are democratically accountable to local people[127]. AS noted above, despite widespread acknowledgment of issues around housing shortages and affordability, local communities often do not perceive development proposals positively. Current housing tenure, level of income and socio-economic group has a significant impact on the likelihood of people opposing development in their local areas. Renters are significantly more likely to support new housing development than home owners;[128] while those on higher incomes and from higher socio-economic groups are more likely to oppose local development than others[129]. From this, it can be suggested that those who are better off are

[125] Lord Matthew Taylor (Edited by Christopher Walker) (2015) Garden Villages: Empowering Localism to solve the housing crisis, The Policy Exchange

[126] David Rudlin and Nickolas Falk – Grow your own City – Wolfson Economic Prize 2014

[127] Lord Matthew Taylor (Edited by Christopher Walker) (2015) Garden Villages: Empowering Localism to solve the housing crisis, The Policy Exchange

[128] NatCen (2010) British Social Attitudes 28: Housing. London: NatCen Social Research. Retrieved from http://ir2.flife.de/data/natcen-social-research/igb_html/pdf/chapters/BSA28_8Housing.pdf

[129] Ipsos MORI (2011) Public Attitudes towards Housing Benefit and Planning Reform. London: Ipsos MORI.

Recommendation 11

The Commission strongly endorses the principle of providing adequate social infrastructure to secure sustainable development and growth. This can require:

more rigorous and specific assessments of social infrastructure need which are 'owned' by the service providers as well as by the planners;

coordinated and timely provision of social infrastructure/services in phase with the development as a whole and integrated with those for the wider community;

primary health care providers, and commissioners in particular, engaging more proactively in the mainstream planning of London;

In addition the Mayor should further develop the London Infrastructure Map Application to help coordinate the activities of infrastructure providers in line with growth projections set out in the London Plan.

less supportive of local development; even though at a national level there is recognition of a 'housing crisis' amongst this group[130].

3.65 Moreover, as much of the value of the uplift in land values, around half, is captured by the landowner, it is not necessarily available for the provision of infrastructure. In response to this, complex arrangements (Community Infrastructure Levy, S106 obligations) are created to help fund these requirements. But given the land values and the financial demands of the landowners created by scarcity of land supply, these levies and charges can impact on the viability of the development, either reducing the likelihood it will take place or leaving inadequate funding for infrastructure. .

3.66 The rationing of land by the planning system also makes it very difficult for smaller builders and developers to gain control of sites. This works in favour of larger developers and the landowners who can enter into option agreements and wait for the sequential release to work in their favour. The inability of smaller builders to access land and finance not only prevents them growing, it has also contributed to the decline in their numbers and a consolidation of the sector, with market concentration in the hands of a relatively few larger players, which then undermines competition[131].

3.67 One of the core planning principles in the National Planning Policy Framework is to encourage the effective reuse of land that has been previously developed, called brownfield land. There has been a clear shift back to the 'brownfield first' principle in terms of prioritising development. More recently, the Government has taken this a step further. In its Productivity Plan, it announced that sites included in the planned statutory registers of brownfield land suitable for housing will effectively

Retrieved from www.ipsos-mori.com/Assets/Docs/InsideHousing_Poll_May2011_FINAL.PDF

[130] British Social and Housing Federation (2013) Creating the Conditions for New Settlements in England

[131] Lord Matthew Taylor (Edited by Christopher Walker) (2015) Garden Villages: Empowering Localism to solve the housing crisis, The Policy Exchange

be given permission in principle subject to the approval of a limited number of technical details. For London, there are over 2,300 previously developed (brownfield) sites recorded. This represents a significant source of land supply and is already the main source of development in London.

3.68 The release of surplus public sector land is another priority in bringing forward land for development. The government has pledged to bring forward enough public sector land for 150,000 homes nationally over the next five years and has tasked local authorities and other public sector bodies to identify in their holdings that are surplus to operational requirements[132]. In London, the London Land Commission is compiling a 'Doomsday Book' of public sector land which may be surplus to requirement and therefore has the potential to become available for housing. It is estimated that there is substantial amounts of public sector land in London' with the reconfiguration of public services this could become a significant source of supply for housing.

3.69 Instead of simply selling off this land for development, many local authorities are moving away from traditional regeneration models based on land disposal, towards models which give them greater control and a share of the development value (albeit with more exposure to risk)[133]. These models include joint ventures and local authority owned development companies[134]. Partly in response to this trend and partly in response to the comprehensive spending review in autumn 2015, , TfL are becoming more like developers in their own right, with programmes of development opportunities on their land holdings[135]. They are expecting to release more than 300 acres of land to help create more than 10,000 new homes across London[136].

Recommendation 12

The Commission believes that the London Land Commission (LCC) could and should have a crucial role to play in identifying capacity to accommodate growth. Appropriate resources and support should be put in place to ensure the LCC functions effectively to increase the supply of housing on brownfield and public sector land, including supporting the assembly of larger sites supported by an increased role for boroughs and public sector bodies in delivering housing, for example through Joint Ventures rather than disposal.

[132] Government Press Release 4th July 2015, https://www.gov.uk/government/news/pm-and-chancellor-announce-one-nation-plans-to-spread-homeownership-across-the-country

[133] OLC Sub Regional Meeting Bexley – 29th July 2015

[134] OLC Sub Regional Meeting Croydon 22nd July 2015

[135] http://www.ft.com/cms/s/0/b7392524-8923-11e5-90de-f44762bf9896.html#axzz3wTL2lCGu

[136] https://tfl.gov.uk/info-for/media/press-releases/2015/october/tfl-releases-land-for-10-000-homes-across-the-capital

CHAPTER 4:

GROWTH OPTIONS

4.1 Work to support the new London Plan will need to investigate a number of spatial scenarios to manage and accommodate economic and demographic growth and the infrastructure needed to underpin it. The growing gap between demand and supply for homes in London poses many challenges, not least house price inflation, bridging the affordability gap and meeting the needs of different groups of Londoners. In terms of employment, failure to provide sufficient and suitable employment land at competitive prices could diminish access to employment opportunities, putting at risk the achievement of sustainable, mixed and balanced communities, as well as potentially compromising London's international competitiveness.

4.2 The historic approach to accommodating growth in the London Plan has been based on the concept of the 'compact city' and has tended to be viewed in terms of selective intensification within London's geographical boundary. However, in the future the Commission believes this will need to be expanded to include the concept of "efficiency of distance" meaning the established principles of the integration of land use and transport remain, such as locating homes and jobs within relatively close distance to each other to reduce the need to travel, but that its implications for productivity (a major concern of Government) as well as geographic proximity need to be considered. Efficiency of distance is about the time it takes to get into the major foci of economic activity of central London, which is important in respect of how London (and other major centres) relate to the wider region as well as further afield.

4.3 Due to the significant growth pressures London is facing, the Commission believes that if London is to continue to develop as a globally competitive city offering an attractive 'quality of life' to its residents and visitors, it will be necessary to elaborate and develop the established philosophy and policies of the current London Plan. It considers that options for accommodating that growth should be based on the following three approaches:

- greater efficiencies in the way existing capacity is used;
- sustainable intensification of selected parts of the city; and
- partnership working to realise the potential of the wider metropolitan region

4.4 The Commission believes that these options are not mutually exclusive and in combination they provide the building blocks for a sustainable structure to underpin a sound Plan. Each type of land supply faces its own challenges, particularly around its deliverability and acceptability. It is therefore important that these issues are more fully understood if the merits of different approaches to accommodating London's growth, and hence the consequential policy levers, are to be prioritised.

4.5 As well as the Commission's own commentary on the options for growth in this report, it is understood that the GLA are currently developing a land release model

to understand the potential contribution of each type of land supply and the spatial implications of those choices. This new GLA model should give a fuller and more detailed understanding of the capacity of London to accommodate its population and employment growth and inform a spatial strategy for the new London Plan. Regrettably the results of this work were not available at the time of publication of this report.

Recommendation 13

If, in the face of identified growth pressures, London is to continue to develop as a globally competitive city offering an attractive 'quality of life' to its residents and visitors, it will be necessary to elaborate and develop on the established philosophy and policies of the current London Plan.

The Commission suggests a series of options for doing this which devolve from three broad themes set out below. Individually, none of these options represent a 'silver bullet' for accommodating London's growth, but in combination they provide the building blocks for a sustainable structure to underpin a sound Plan. Details of the options are outlined in Recommendations 14 – 31.

5) More efficient use of existing capacity, including:
   a) making better use of existing housing stock
   b) unlocking the barriers to housing delivery
6) Selective, sustainable intensification, including:
   a) increasing densities in town centres
   b) increasing densities in areas with good public transport;
   c) Intensification Areas, Opportunity Areas and Housing Zones
   d) suburban intensification
   e) estate renewal
   f) industrial relocation
   g) co-location of housing with industry
   h) Green Belt review coordination within London
   i) airports as a catalyst for growth
7) A partnership approach to realising the potential of the metropolitan region, including:
   a) Growth Corridors, linked to public transport, within and beyond London
   b) partnership working to help co-ordinate selective release of the Green Belt beyond London
   c) relocation of industrial and commercial uses beyond London
   d) selective intensification /extension of existing, and development of new settlements and hubs with good transport connectivity to London

Greater efficiencies in the way existing capacity is used

1.a More effective use of the existing stock

4.6 Making more effective use of the existing stock can contribute to meeting its housing need. It is arguable that the London Plan and Mayor's Housing Strategy already have effective policies in place to address vacant dwellings. Council tax data indicate that the number of empty homes in London (57,000) is at a historically low level (1.7 per cent of the total stock of 3.4 million homes[137]. Of that 36,000 (1 per cent) is short term vacancy. Some short term vacancy is necessary, but the current level is below the commonly accepted 3 per cent benchmark.. The other remaining 21,000 (0.6 per cent) is considered to be long term vacancy (over 6 months) which may have scope to be brought back into active use London has a much lower private sector vacancy rate (1.7%) housing than other parts of the country (3.1%), but its vacancy rate for affordable housing (1.5%) is in line with that.

4.7 48,400 homes were recorded as second homes for Council Tax purposes. Just over half of these were concentrated in four boroughs: Kensington & Chelsea (8,300), Westminster (6,100); Camden 5,600) and Tower Hamlets (5,000). Despite media concern that new homes are being bought up and left vacant (allegedly by 'rich foreigners'), available data does not indicate that this is a strategic issue,.

4.8 There may however be an issue over under-occupation of existing homes (rather than vacancy). Under occupying households are those with two or more bedrooms more than they require according to the bedroom standard (though this does not necessarily mean that the bedrooms are unused). Figure 23 shows that under-occupation rates are much higher in owner occupied housing than either of the rented tenures. There are about 730,000 under-occupying households in London, representing 23% of all households and 39% of home owner households[138].

4.9 Especially in parts of outer London, under-occupation in the private sector offer potential in for addressing housing need. It should be acknowledged that this is a lifestyle choice for many with sufficient wealth and disposable income, although there are cases e.g. bereaved older householders who may prefer to downsize to more suitable accommodation if opportunities were available. Increased provision of new smaller homes might provide an incentive for smaller households to move on from larger houses, freeing them up for families. The London Plan has already reflected the Commission's earlier advice on this eg for higher density, housing led, town centre renewal and could underscore it further. This could be coordinated with housing management initiatives which support down-sizing, possibly enabling owners to let their existing larger properties so they can rent a

[137] DCLG, Table 615 Vacant dwellings by local authority district: England, 2014

[138] Mayor of London (2015), Housing in London. The evidence base for the Mayor's Housing Strategy.

smaller, more convenient home[139].

4.10 It has also been suggested[140] that consideration might be given to encouraging 'lodgers' and 'sharing' to increase levels of occupancy (and/or provide support for older people). The Chancellor has recently proposed increasing the tax incentive for this. However, the Commission is mindful that it can also give rise to issues of over-occupation/erosion of housing quality. As London Plan policy on Houses In Multiple Occupation already notes, this must be monitored carefully.

4.11 The Mayor may wish to consider how the potential contribution of lodging/sharing in meeting housing need is taken into account in Strategic Housing Market Assessments.

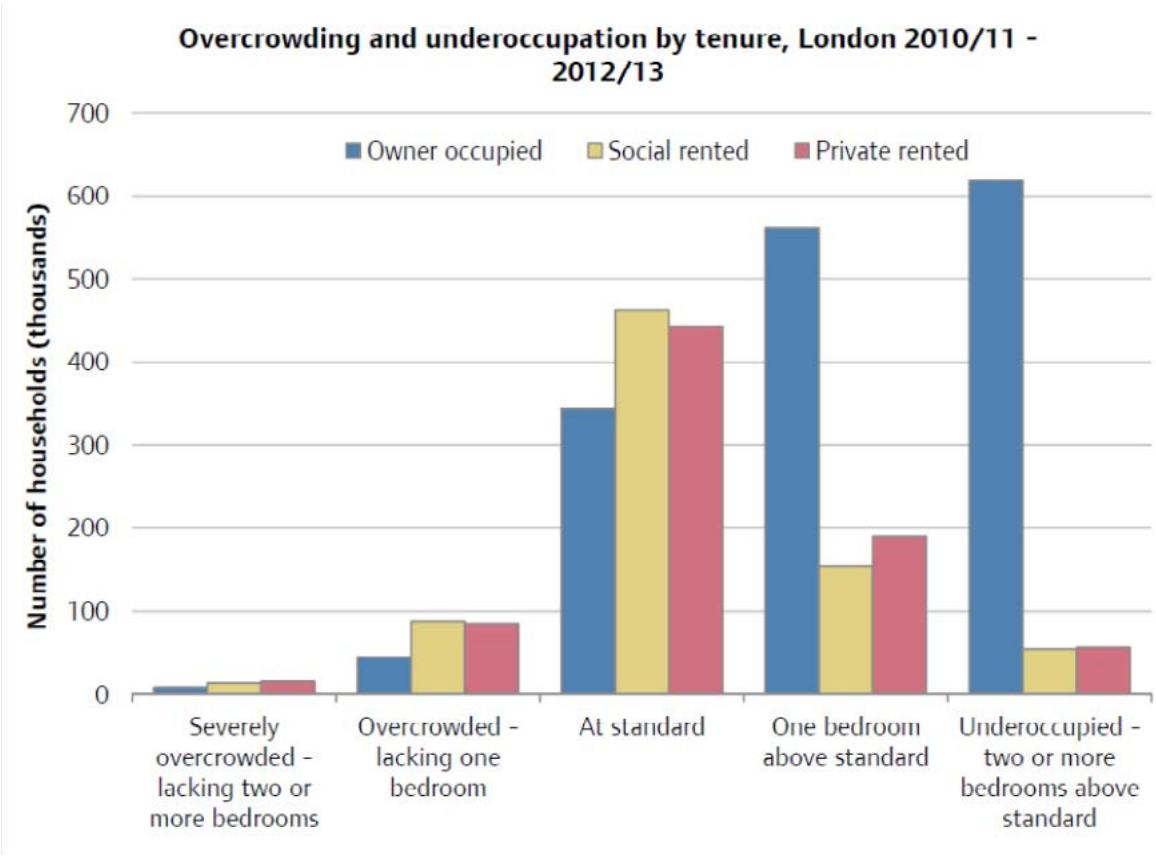
4.12 Section 2d of this report (suburban intensification) notes the potential contribution to housing output of conversions of larger homes into smaller units to meet the needs of one and two person households (representing two thirds of future household growth). On average over 1,500 extra homes a year were so created between 2011/13 and 2013/14. However, there is also a contrary trend operating in the market: the de-conversion or amalgamation of smaller dwellings (usually small flats originally converted from larger houses). This resulted in the net loss of at least 300-400 small dwellings pa, especially in high house price boroughs, usually, but not always, in central London (see figure 24).

4.13 The scale of this loss could be higher because such 'de-conversions' are not always considered to constitute development and it is believed that not all losses are recorded locally, much less logged on the London Development Database. The Mayor may first wish to establish the scale of this loss of small dwellings eg by using Council Tax Returns and Certificates of Lawfulness rather than just planning approvals. He may also wish to explore the legal basis for introducing strategic policy to support more local control over such losses, including case law on what might constitute a materially significant loss eg loss of more than two dwellings rather than the five suggested by one judgement.

[139] London Borough of Redbridge 'FreeSpace' scheme

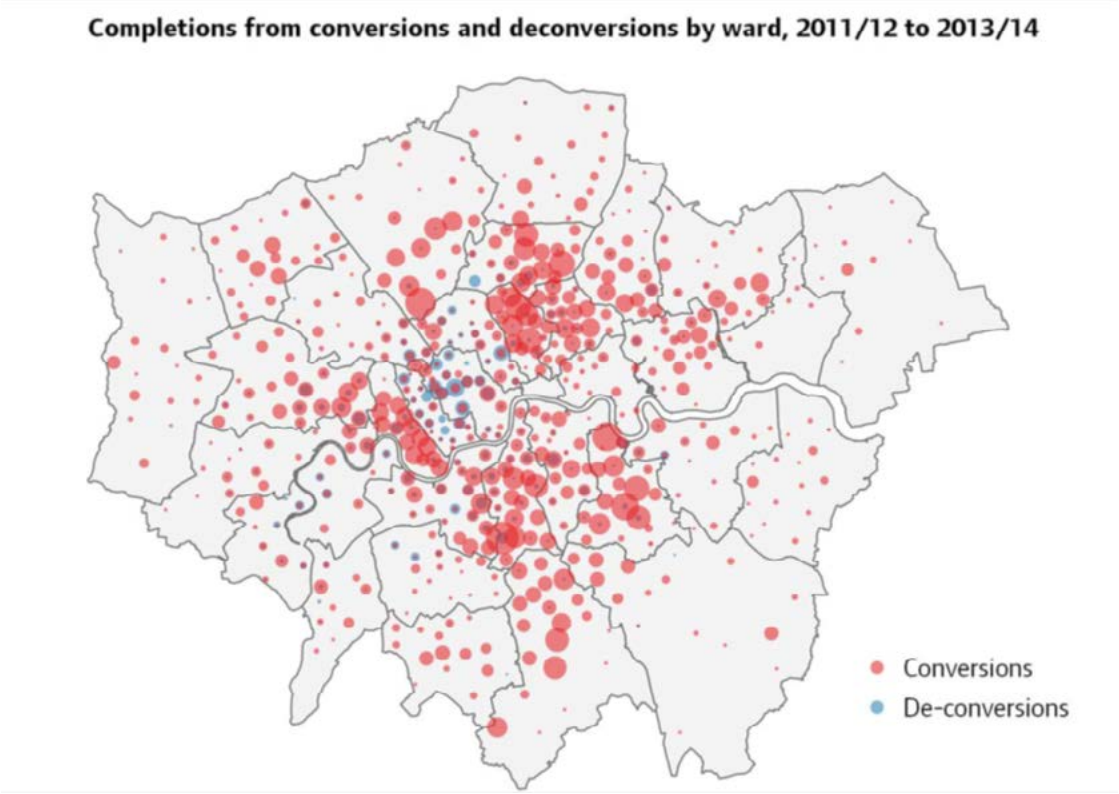
[140] Three Dragons, Older Londoners and the London Plan: Looking to 2050

Figure 23 Overcrowding and underoccupation



Mayor of London Housing in London 2015 – The evidence base for the Mayor's Housing Strategy

Figure 24 Completions from conversions and deconversions by ward 2011/12-2013/14



Mayor of London, Housing in London 2015 – The evidence base for the Mayor's Housing Strategy

Recommendation 14

The scale of under occupation of the existing stock is such that, if sensitively managed through joint housing and planning action, it could make a strategic contribution to reducing the need for new development while addressing the needs of existing occupiers, especially some older Londoners by:

- Facilitating and providing greater choice in enabling 'downsizing' through greater choice from large houses to more convenient new homes nearby eg in redeveloped town centres;
- Drawing on borough experience to extend voluntary housing mobility schemes at a London-wide or sub regional level.
- Encouraging 'lodgers' and 'sharing' to increase levels of occupancy

Recommendation 15

Strategic constraint on de-conversions of flats into single dwellings may make a modest contribution to reducing housing need in some areas. The Commission suggests that this be explored further and consideration be given as to whether it should be addressed in the new London Plan.

1.b Barriers to Delivery

4.14 The Commission's accompanying report on barriers to housing delivery sets out 14 sets of measures which collectively will help to address the various barriers inhibiting housing delivery and ensure the capital is better equipped to increase housing output. These include:

1) forward funding costs associated with brownfield redevelopment
2) accelerating infrastructure delivery
3) streamlining and enhancing land assembly
4) aligning transport infrastructure investment with planning and land assembly
5) incentivising build out rates and tackling genuine land banking
6) increasing and diversifying housing supply
7) reviving output from small and medium sized house builders
8) enabling the delivery of affordable rented housing
9) increasing the delivery of build to rent developments
10) improving the speed and certainty of the planning system
11) increasing and accelerating housing delivery on public sector land
12) boosting housing delivery by local authorities
13) optimising and incentivising net additional housing output from the existing housing stock
14) enhancing the capacity of the house building industry

2 Sustainable intensification of selected parts of the city

2a: Town Centre Intensification

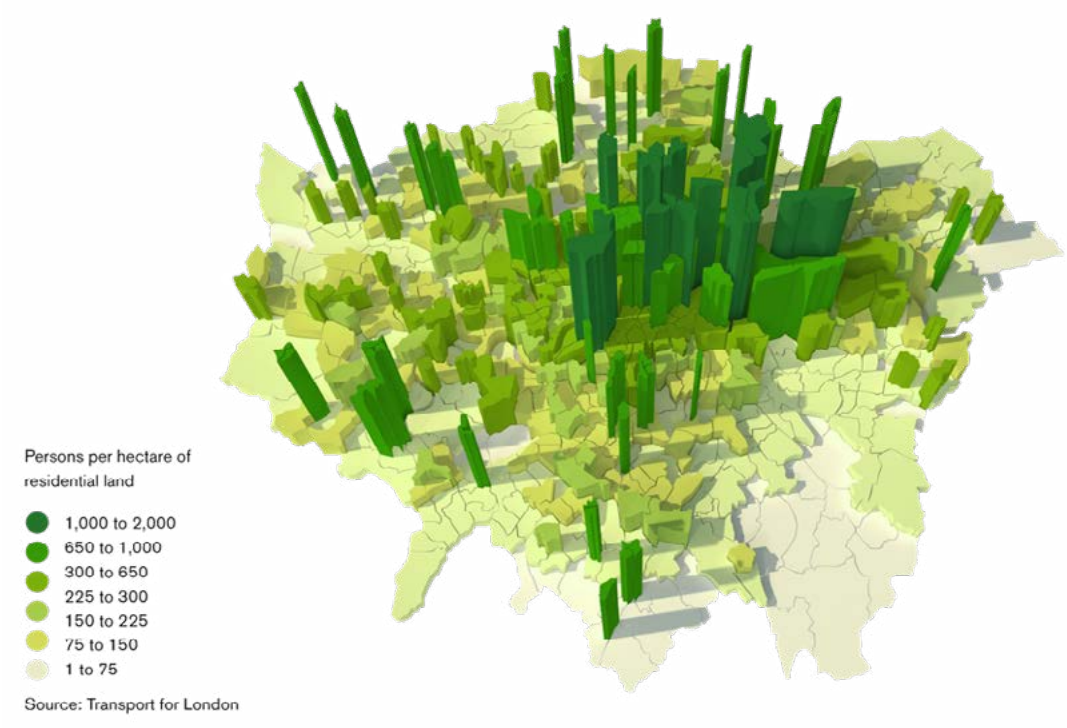
4.15 The selective renewal of parts of some of London's town centres through higher density, housing led mixed use redevelopment could contribute to increasing housing supply. Town centres often have good public transport connections and include important services nearby, including health, education and civic facilities together with a retail offering and employment opportunities. They provide a particular scope to encourage sustainable development[141]. The London Plan emphasises their importance as being a focus for commercial development and intensification. The Plan now gives particular encouragement to the planned re-development of centres, which can be identified as having or as being likely to have a surplus of retail and office floorspace. High density development in town centres can also help to provide a range of different housing options, including for the private rented sector, smaller households, housing for older people and other specialist housing eg for students.

[141] Mayor of London (2015), London Infrastructure Plan 2050

4.16 The OLC's third report explored the impact of changing levels and patterns of consumer expenditure on London's town centres[142]. It concluded that many centres may need to reinvent themselves to ensure they are resilient in the face of changing consumer behaviour eg growth in multichannel shopping and a contraction in the projected demand for comparison retail floor space. Some of the Major and many more of the District centres are most at risk to these pressures for change.

4.17 The 2050 London Infrastructure Plan examined the intensification of town centres as one of it scenarios for growth. Under this scenario, it explored the spatial implications of increasing the density of the Major centres to the mid-point on 'central' setting of the density matrix and of increasing the density of development in the District centres to the mid-point on 'urban' setting of the density matrix. Those Major and District centres which already have residential densities at or exceeding the density ranges in those settings were not allocated additional residential growth. Figure 25 below shows what the spatial distribution of that growth would look like. All the scenarios in the 2050 Infrastructure Plan used a base date of 2031 (9.84 million people reflecting the population projections up to 2031) as up to that date London's spatial development reflects the then current London Plan of 2015. The growth is then overlaid over the population densities at 2031 showing what the overall population density across London would be in 2050 based on the additional population growth between 2031 and 2050.

Figure 25: Town Centre 2050 population



Mayor of London, London Infrastructure Plan 2050

[142] Outer London Commission, Third Report , June 2014

4.18 In this scenario under the 2050 Infrastructure Plan, London's population reaches 11.21 million by 2050 with inner London's population growing by 11% and outer London growing by 16%. This distribution is influenced by the greater number of Major and District town centres in outer London that have densities that are below the relevant density ranges. It should be noted that the scenarios undertaken as part of the 2050 Infrastructure Plan did not test the deliverability or opportunities for growth of individual town centres. The Commission would therefore urge caution as to the scale of growth this implied in certain locations and the likelihood of redevelopment being delivered as fully as envisaged above. Additional scenario testing for the 2015 London Plan also suggested that more substantial uplifts to town centre densities might be required than is suggested by ranges in the density matrix, to realise their full potential. This would require careful design solutions to integrate the new development with surrounding housing.

4.19 Data from the London Development Database shows that between 2008 and 2013 there were just over 54,900 dwellings delivered in London's town centres or on theedge of town centres i.e these location are already making a significant contribution to provision.

4.20 Many stakeholders were supportive of this type approach as the best and most sustainable means of unlocking growth[143]. However some were concerned that higher density housing should not be at the expense of employment and retail sites. In particular there was concern that some commercial and community occupiers could be forced out during the redevelopment process. This process will require careful management and monitoring.

4.21 There is no 'one size fits all' solution for town centres renewal / redevelopmentso any intensification would have to take account of the particular needs and characteristics of the individual town centre such as heritage and cultural assets, as well as local character[144]. The decline in the office market in many Major town centres may offer additional opportunity for intensification. While permitted development (PD) rights mean that offices can be converted into residential without planning permission, this can often result in poorer quality housing and may do little to improve the environment of town centres. Neither does it optimise use of the office sites. Redevelopment usually yields greater housing capacity than conversions. It is understood that the revised PD rights will in future apply to redevelopment as well as completions but that other planning policies eg to secure adequate quality or affordability still will not apply.. As the Commission recommended in its Third Report, greater emphasis should be placed on whole-scale redevelopment to increase residential density and rationalise and consolidate town centres rather than through a piece meal approach. Due to the

[143] OLC Sub Regional Meeting Croydon – 22nd July 2015

[144] Heritage England Submission

complex ownership of land holdings in town centres, CPOs will be particularly important in the delivery of this type of approach as well as other partnerships between the community, businesses, property owners and statutory authorities. This will not only optimise the potential for redevelopment and intensfication but is also likely to result in higher quality environments, increasing the attractiveness of the town centres for all users.

4.22 Models such as Town Centre Investment Management (TCIM) can be used to support town centre renewal and enable the delivery of housing. TCIM is a process that enables the core of town centres to be brought under single control or ownership, to enable them to perform like their 'managed' counterparts, such as shopping centres, enabling the optimum retail mix, and targeting physical change through the wholesale redevelopment of a town centre. Other models and mechanisms for helping to bring forward town centre renewal and enable the delivery of housing include Tax Increment Financing (TIFs), Local Asset Backed Vehicles (LABVs) and Real Estate Investment Trusts (REITs). These models were highlighted in the Commmison's Third Report as well as examined in more detail in its report on the Barriers to Housing Delivery.

4.23 Low Threshold Enterprise Spaces (LTES) are particularly vunerable to redevelopment and the intensfication of town centres. These spaces are important components of London's economy and create positive externalities in that they add value to the London economy over and above their commercial value. They provide opportunities for growth through the provision of affordable space for 'start-up' companies and many of their occupiers help to service the wider economy as larger, more productive enterprises are often dependent on them through their supply chains[145]. Due to the substantial variability in the characteristics of town centres, boroughs and their delivery partners should develop a detailed understanding of the nature of uses in their town centres to help target development in suitable locations and where necessary incorporating or facilitating affordable employment space.

Recommendation 16

Boroughs should develop strong and realistic visions for each town centre which recognise their economic strengths and challenges, including the need to address retail restructuring and the role higher density, housing led, mixed use re-development can have in town centre renewal.

The Mayor, in partnership with boroughs, should investigate the nature and scale of renewal required in different town centres; their potential contributions to meeting housing need and, in the context of the town centre network as a whole, in providing modern services; and the most effective way of carrying this forward through the London Plan and in local plans.

[145] Maccreanor Lavington Architects et al, Accommodating Growth in Town Centres, 2014

Recommendation 17

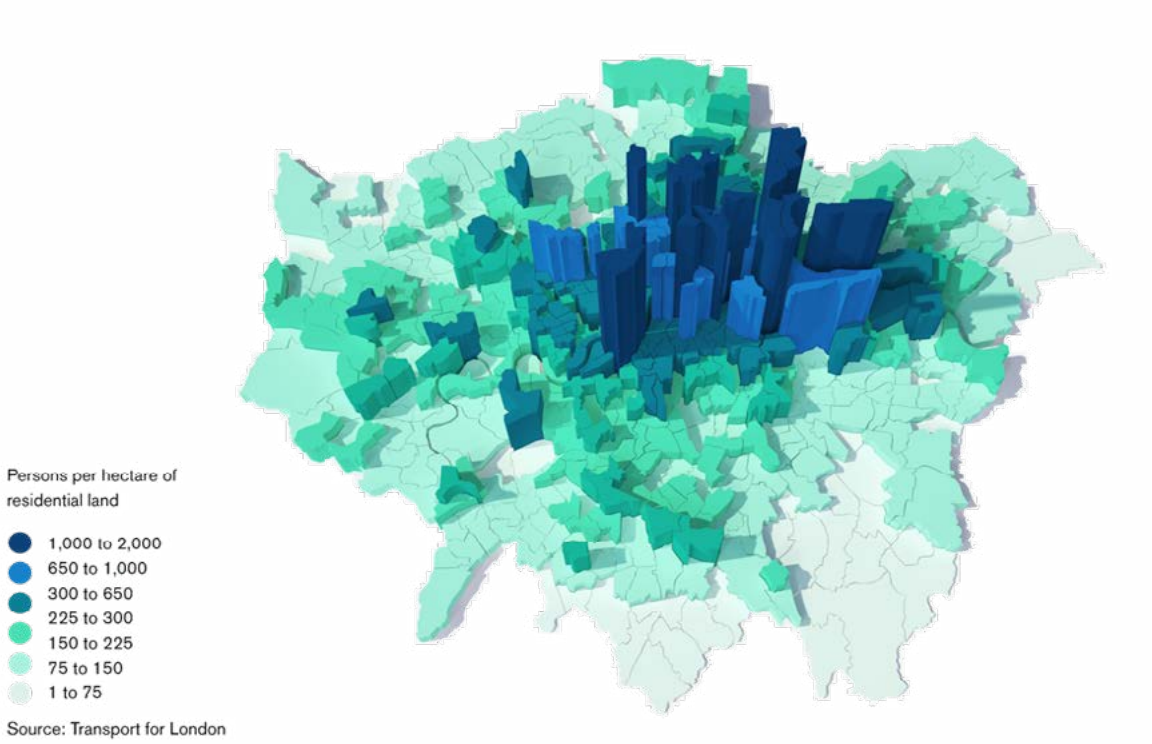
The Mayor should compile a toolkit of different delivery models for town centre regeneration and renewal, including TCIMs, to address the varied circumstances of different centres.

2b: Areas with Good Public Transport

4.24 Ensuring a strong relationship between the scale and intensity of development and connectivity of public transport has been a central axion of the London Plan. The 2050 Infrastructure Plan developed this asone of its scenarios for accommodating growth. It examined the spatial implications of how housing growth would be distributed if, post 2031, it was solely based on increasing housing density in areas of good public transport. The scenario increased residential density of areas to the mid-point of the density matrix according to their Central, Urban or Suburban settings in areas with a future PTAL of 4 and above. The future PTAL values were calculated on the basis of the funded and committed transport network, including, the London Underground upgrade programme, Crossrail 1 and the Department for Transport's (DfT) HLOS2 rail improvements.

4.25 Figure 26 below shows the spatial distribution of the growth overlaid over the population densities at 2031 as per all the scenarios in the 2050 Infrastructure Plan. Under this scenario, London's population reaches 11.24 million by 2050 with 30% growth post 2031 in inner London compared to only 4% growth post 2031 in outer London. This reflects the generally higher levels of public transport provision in inner London.

Figure 26: Areas with Good Public Transport 2050 population



Mayor of London, London Infrastructure Plan 2050

4.26 As can be seen from the map, population densities are still concentrated within central and inner London; however there are pockets of higher concentrations in west London due to improved transport accessibility.

4.27 A second version of the scenario examined the impact of additional transport major schemes that were currently being planned such as Crossrail 2 and the Bakerloo line southern extension. This has the effect of bringing other areas into the scope of PTAL 4 and above for increasing housing densities. It is estimated that based on those additional schemes this will provide for a further 150,000 people up to 2050. It should be noted that this scenario did not assume any planning policy changes associated with the new transport infrastructure which would have the effect of increasing the scale of development.

4.28 Employment and commercial uses will also compete for land close to good public transport, as productivity can be significantly affected by accessibility. It is estimated that the cost of travel delays affects London's productivity by c£1bn annually[146]. Similarly, academic research suggests that a 10% reduction in journey times can boost productivity by 1%147. Accommodating a higher proportion of new homes closer to areas with good public transport will help reduce journey

[146] GLA Economics (2005), "Time is money: the economic effects of transport delays in Central London"
[147]Rice and Venables (2004), "Spatial determinants of productivity: analysis for the regions of Great Britain"

times and increase productivity. However, it is important that increasing residential capacity is not at the expense of commercial development, a point made repeatedly to the Commission in its sub regional meetings148, as this will reduce the economic benefits experienced through agglomeration and clustering.

Recommendation 18

The Mayor should continue to support the principle of higher density housing in locations with good public transport connectivity, particularly around stations. Refinements to the SRQ density matrix should take particular account of the scope to realise further development potential in such locations complemented by rigorous policy to secure good quality design and adequate infrastructure. Where possible mixed use development and co-location of uses should be encouraged.

2c: Intensification Areas, Opportunity Areas and Housing Zones: refining the concept

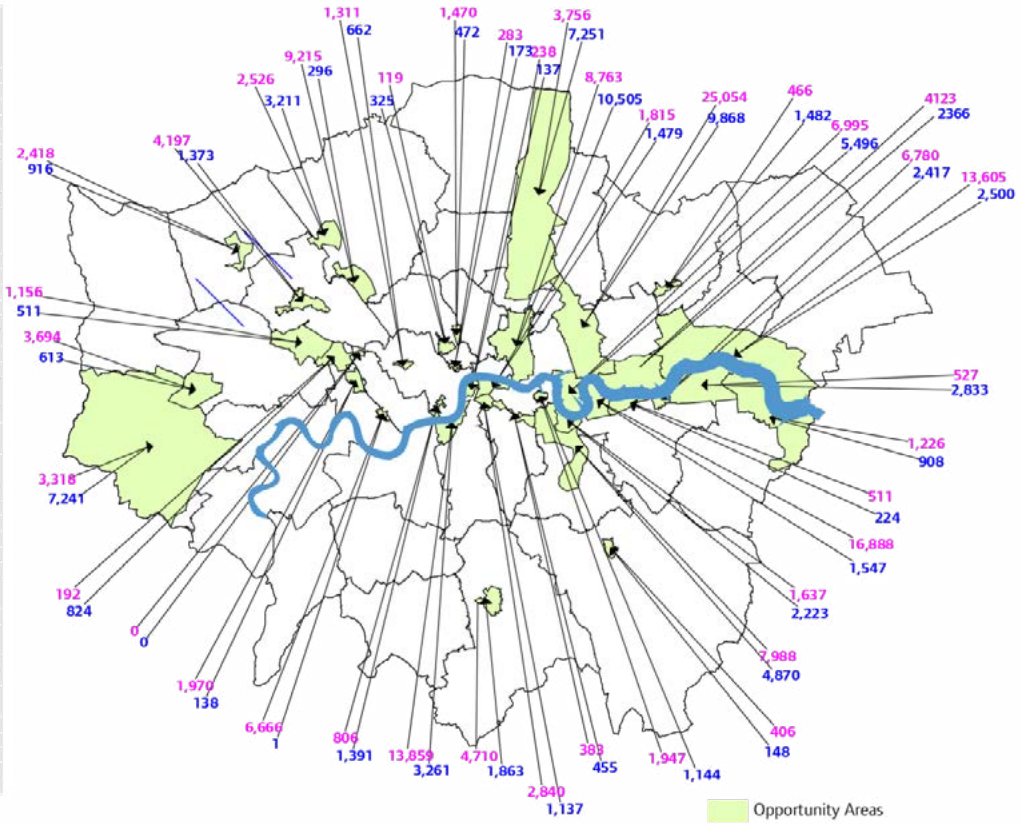
4.29 Opportunity Areas have capacity for at least 2,500 homes and for 5,000 jobs, they are the capital's major reservoir of brownfield land with significant capacity to accommodate new housing, commercial and other development linked to existing or potential improvements to public transport accessibility. The London Plan currently identifies 38 Opportunity Areas – although Park Royal and Old Oak Common have now been combined into one Opportunity Area, making a total of 37. It also flags the potential to bring forward four more in Sutton, Hounslow, Haringey and Kingston, Each varies in physical size and growth potential and collectively have the capacity to deliver 575,000 new jobs and 303,000 extra homes[149]. However it should be noted that in the process of more detailed testing, these estimates often significantly increase. Typically, each OAPF is supported by a Development Infrastructure Funding Study (DIFS) which focuses on the broad infrastructure needs of an area and how these might be delivered and funded.

[148] OLC sub regional meeting - Enfield 15th July 2015

[149] Mayor of London, The London Plan 2015

Figure 27: shows the current distribution and capacity of Opportunity Areas in London

OA	Net Completions (Unit Level)	Net Pipeline (Unit Level)
Bexley Riverside	908	1226
Bromley	148	406
Canada Water	1144	1947
Charlton Riverside	224	511
City Fringe/ Tech City	10505	8763
Colindale/Burnt Oak	3211	2526
Cricklewood/Brent Cross	296	9215
Croydon	1863	4710
Deptford Creek/Greenwich Riverside	2223	1637
Earls Court	1	6666
Elephant and Castle	1137	2840
Euston	325	119
Greenwich Peninsular	1547	16888
Harrow & Wealdstone	916	2418
Heathrow	7241	3318
Ilford	1482	466
Isle of Dogs	5496	6995
King's Cross - St Pancras	472	1470
Kensal Canalside	0	0
Lewisham, Catford & New Cross	4870	7988
London Bridge, Borough & Bankside	1479	1815
London Riverside	2500	13605
Lower Lea Valley	9868	25054
Old Kent Road	455	383
Old Oak Common	824	192
Paddington	662	1311
Park Royal	511	1156
Royal Docks & Beckton Waterfront	2366	4123
Southall Hinterland	613	3694
Thamesmead & Abbey Wood	2833	527
Tottenham Court Road	173	283
Upper Lea Valley	7251	3756
Vauxhall, Nine Elms & Battersea	3261	13859
Victoria	1391	806
Waterloo	137	238
Wembley	1373	4197
White City	138	1970
Woolwich	2417	6780



4.30 Figure 27 shows how the Opportunity Areas in terms of categories of development. It is divided into the following:

- MATURING - Transport infrastructure in place, either funded or under construction; housing and commercial development happening and or in the pipeline through existing consents
- UNDERWAY - Development is starting to happen, but risks and obstacles to delivery remain. Requires some strategic interventions and leadership, mostly identified.
- READY TO GROW - No major transport infrastructure required or transport infrastructure in place (either funded or under construction), but market not responding. Still identifying other obstacles, challenges and interventions.
- NASCENT - Major transport infrastructure required, not funded yet; no or very low housing and commercial development happening; and/or the area needs careful consideration in terms of the overall vision, the potential future mix of form and function
- EMERGING - New areas being considered at the moment

Figure 28: Categories of Opportunity Areas

CATEGORIES OF OPPORTUNITY AREAS (FEBRUARY 2016)					
CATEGORIES		ESTIMATED NUMBER OF JOBS	ESTIMATED NUMBER OF HOMES	NET HOUSING COMPLETION	NET PIPELINE APPROVALS
MATURING					
Lower Lee Valley		50,000	32,000	9,868	25,054
City Fringe/Tech City		70,000	8,700	10,505	8,763
Vauxhall, Nine Elms & Battersea		25,000	20,000	3,261	13,859
London Bridge, Borough & Bankside		25,000	1,900	1,479	1,815
King's Cross - St Pancras		25,000	1,900	472	1,470
Wembley		1,000	11,500	1,373	4,197
Greenwich Peninsula		7,000	20,000	1,547	16,888
Waterloo		15,000	2,500	137	283
Colindale/Burnt Oak		2,000	12,500	3,211	2,526
Lewisham, Catford & New Cross		6,000	8,000	4,870	7,988
Woolwich (along Crossrail 1 route)		5,000	15,000	2,417	6,780
Tottenham Court Road		5,000	500	173	283
Victoria		4,000	1,000	1,391	806
	TOTAL:	240,000	135,500	40,704	90,712
	Total homes completed and pipeline				131,416
UNDERWAY					
Deptford Creek/ Greenwich Riverside		4,000	5,000	2,223	1,673
Southall		3,000	6,000	613	3,964
Paddington		5,000	1,000	662	1,311
Harrow & Wealdstone		3,000	2,800	916	2,418
Ilford (along Crossrail 1 route; potential of Crossrail not yet realised)		800	5,000	1,482	446
	TOTAL:	15,800	19,800	5,896	9,812
	Total homes completed and pipeline				15,708

READY TO GROW					
Isle of Dogs		110,000	30,000	5,496	6,995
Earls Court & West Kensington		9,500	7,500	1	6,666
White City		10,000	6,000	138	1,970
Croydon		7,500	7,300	1,863	4,710
Elephant & Castle		5,000	5,000	1,137	2,840
Canada Water		2,000	6,600	1,144	1,947
Charlton Riverside		5,000	5,000	224	511
	TOTAL:	149,000	67,400	10,003	25,639
	Total homes completed and pipeline				35,642
NASCENT					
Old Oak Common and Park Royal		65,000	25,500	1,335	1,348
London Riverside		16,000	26,500	2,500	13,605
Upper Lee Valley		15,000	20,000	7,251	3,756
Cricklewood/Brent Cross		20,000	10,000	296	9,215
Heathrow		12,000	9,000	7,241	3,318
Royal Docks and Beckton Waterfront		40,000	15,000	2,366	4,123
Bexley Riverside		7,500	16,000	908	1,226
Euston		14,100	3,800	325	119
Thamesmead & Abbey Wood		1,000	5,000	2,833	527
Old Kent Road		1,000	2,500	455	383
Kensal Canalside		2,000	3,500	0	0
Bromley		2,000	2,500	148	406
	TOTAL:	195,600	139,300	25,658	38,026
	Total homes completed and pipeline				63,684
	excl Heathrow				53,125
EMERGING OAs					
Kingston					
Sutton					
Haringey Heartlands/Wood Green					
Hounslow					

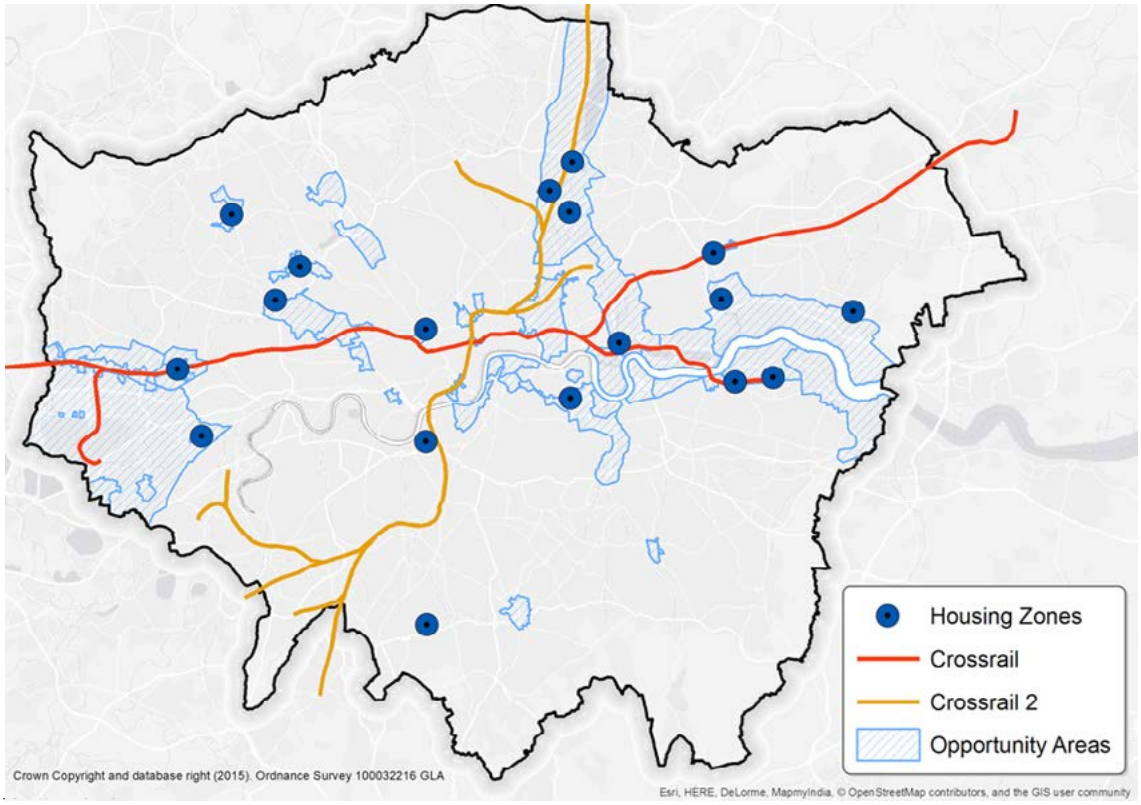
London Development Database

4.31 Intensification areas are another important source of land supply to support growth. These are typically built-up areas with good existing or potential public transport accessibility which can support redevelopment at higher densities. Whilst they also have significant capacity for new jobs and homes, these are generally at a level below that which can be achieved in the opportunity areas. Nevertheless, in increasing residential densities it must be recognised that there may be trade-offs with potential impacts on the environment, cultural heritage and quality of life – although (as discussed) these trade-offs will impact different people in different ways.

4.32 Housing Zones are a new model in London to help boost the supply of housing. As part of the Mayor's pledge to build 50,000 new homes by 2025, the Mayor and Government made available £400 million of funding in June 2014 to support the delivery of these new zones, through the provision of infrastructure and other support to help unlock the delivery of housing. So far 20 zones have been designated, which collectively will provide more than £21 billion of investment; over 120,000 construction jobs; over 53,000 new homes, of which around a third will be affordable; major station upgrades; new schools; new bridges; and new community amenities such as sports centres, libraries, parks and health centres[150].

4.33 Figure 29 shows the locations of housing zones and opportunity areas.

Figure 29 Opportunity Areas and Housing Zones



[150] https://www.london.gov.uk/what-we-do/housing-and-land/increasing-housing-supply/housing-zones

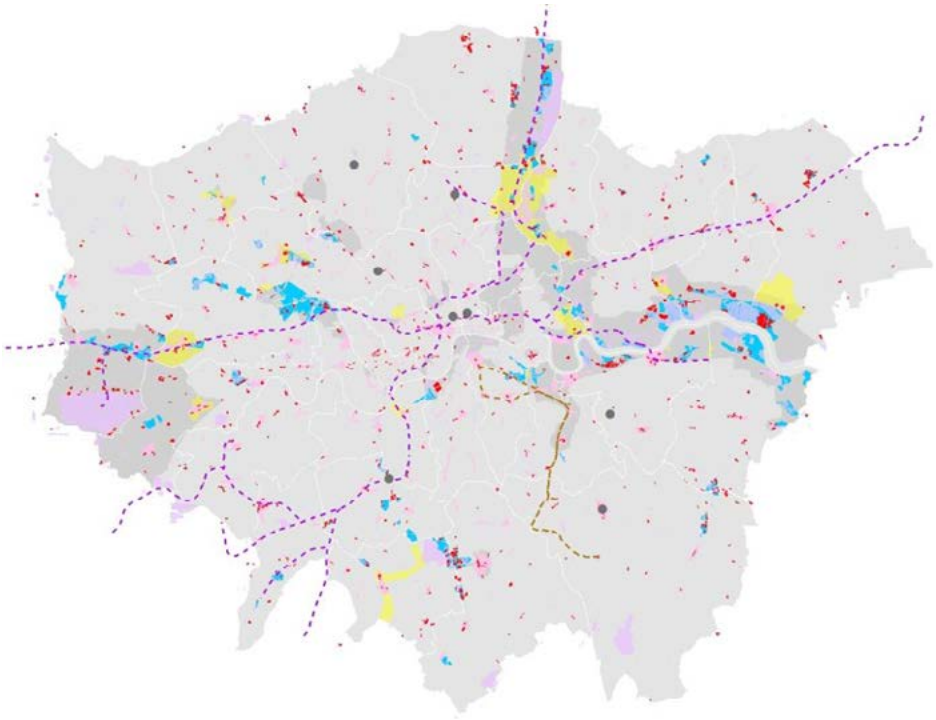
4.34 Analysis above and for the Commission's Barriers to Housing Delivery report has underscored the increasing importance of Opportunity Areas (in helping to meet London's housing needs), both in terms of identifying overall capacity and in providing a framework for other delivery mechanisms such as Housing Zones.

4.35 There is already significant support for this type of approach[151] and the Commission suggests that the Mayor may wish to stimulate further interest in taking forward the concept. This could be done firstly by working with boroughs and other stakeholders to review the potential of Areas for Intensification and explore whether new approaches to development might bring forward sufficient capacity for 2,500 homes and/or 5,000 jobs. Secondly, the Mayor may wish to explore the various, sometimes smaller scale, potential development areas which have been noted during the life of the Commission. Some may not prove viable or desirable, but others may offer scope for progressing as Intensification if not Opportunity Areas, or for inclusion in the SHLAA. They include:

- Out of and in-town retail
- Utilities land
- Waste land
- 'Edge of boroughs'
- Industrial land – strategic and local (see below)
- Wharves
- Council Estates / Public Land
- Hospitals
- Areas with pre-planning applications
- Overlooked areas eg. Hammersmith and Hayes
- Crossrail 2 associated sites
- Bakerloo Line Extension associated
- 'Overground 2' associated sites
- London Land Commission
- Smaller sites of 'white land'

[151] OLC Sub Regional Meeting Bexley – 29th July 2015

Figure 30: Possible Future growth Areas for investigation



GLA

Recommendation 19

Opportunity Areas have made a significant contribution to increasing London's housing capacity, though there have been challenges in translating some of this into completions. Joint work with the boroughs and other partners on the preparation and iterative review of Opportunity Area Planning Frameworks should be accelerated, drawing on the Commission's 'Barriers to Delivery' report; by refining infrastructure assessments as bidding mechanisms for necessary investment; and by exploring the scope to promote the opportunities presented by these areas more widely.

Preparation of the new London Plan provides scope to identify further Opportunity Areas, possibly by extension or further densification of Intensification Areas. The Commission also endorses the use of mechanisms such as Mayoral Development Corporations, where appropriate, to help bring forward the delivery of Opportunity Areas and realise their full potential.

Recommendation 20

Relative to Opportunity Areas, Intensification Areas do not appear to have made as a significant contribution to increasing London's housing capacity. This may be partly because the London Plan makes their development primarily a borough responsibility.

In developing the new London Plan the Mayor is advised to consider providing greater strategic support to realise their potential. He should also draw on evidence presented to the Commission which suggests that there may be scope to increase their number – an important consideration in light of the Barriers to Delivery report which highlights the importance of increasing the overall number and range of development sites in order to accelerate housing delivery.

Recommendation 21

The Commission considers that Housing Zones are an important implementation mechanism in realising the potential of Opportunity and Intensification Areas, as well as of other areas. In developing the new London Plan the Mayor is advised to integrate them more closely in policy for these Areas, and, drawing on evidence presented to the Commission on other potential strategic housing locations, consider application of the Zones to these.

2d: Suburban intensification

4.36 It gas been suggested that the intensification of certain parts of the suburbs could offer considerable scope to increase housing supply. As noted in section 4.1d, there are around 730,000 under-occupying households in London[152], 23 per cent of all households in the capital[153]. Figure 31 shows the under occupancy rate across London. Generally, under-occupation is more common in outer-London, especially the outer south-eastern part of the city.

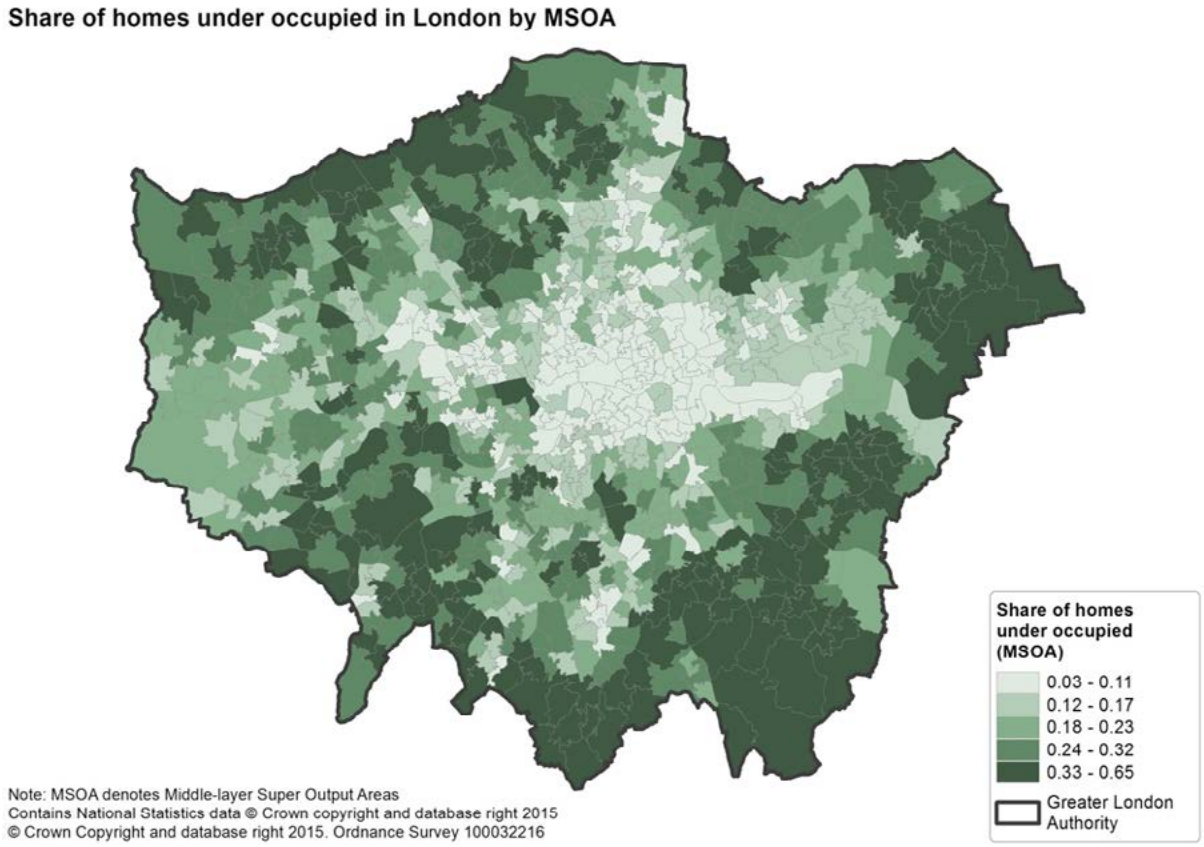
4.37 Modelling work by consultants HTA suggests that if just 10 per cent of the semi-detached housing in outer London was fully occupied rather than part-occupied that could accommodate an additional 100,000 people[154]. Furthermore, if only 10 per cent of semi-detaching housing was redeveloped at twice the existing density this would accommodate approximately 400,000 new homes.

[152] Under-occupied households are those with two or more bedrooms more than they require based on household composition

[153] English Housing Survey 2010/11 – 2012/13

[154] HTA Design (2014) Supurbia – A study of urban intensification in Outer London

Figure 31 Under Occupancy Rates across London



Census 2011

4.38 Modelling work for the 2050 Infrastructure Plan indicated that selective suburban intensification could also offer considerable scope for new build provision focused on housing built between1930 and 1939, which are mainly semi-detached housing built at less than 30 dwellings per hectare (typical of outer London and below the minimum residential density in the density matrix at PTALs 0-1). The Infrastructure Plan modelling work increased the densities by 25 per cent across all areas which were less than 30 dph. While this increased the densities in these areas, they were still within the minimum London Plan benchmarks.

4.39 Figure 32 below shows the spatial distribution of growth in this scenario overlaid on the population densities at 2031. Under this scenario in the 2050 plan London's population would reach 15.89 million by 2050, resulting in 2031-2050 growth of 34 per cent in inner London and 79 per cent in outer London. However as this level of growth significantly exceeds the trend based population estimates, to be in line with the other scenarios in the 2050 Infrastructure Plan, the Infrastructure Plan modelling capped the population total at 11.3 million. This variant as shown below would result in inner London's population growing by 6 per cent compared to outer London growing by 21 per cent.

4.40 This presents a distinct alternative distribution to the other scenarios in the 2050 Infrastructure Plan, with a marked bias towards population growth in outer London. Under this scenario, the 2050 Infrastructure Plan emphasizes the importance of ensuring that employment growth is also promoted in these areas so that intensification of these parts of outer London would not 'relegate' them to a 'dormitory' role.

Figure 32 Suburban Intensification 2050 population



(Transport for London) Mayor of London, London Infrastructure Plan 2050

4.41 The Commission notes that there is substantial variation in London's suburbs in terms of the built form, demographics, economic performance and relationship with the rest of London. Some typify the utopian ideal of leafy tree lined roads with wide pavement and large detached and semi-detached Victorian and Edwardian properties. Other parts of the suburbs have started to experience an erosion of their original character, as front gardens have been converted for parking and verges and trees lost to hardstanding. The housing itself is often of poorer quality as much of the interwar suburbs were not built or planned to the best standards. Some have also been neglected and it is this category of housing which may provide particular opportunity for this type of redevelopment and intensification especially if it is relatively accessible by public transport eg in PTALs 3 and 4.

4.42 Contrary to popular perception however, change is already occurring in the suburbs. This includes basement developments, conversions and increases in

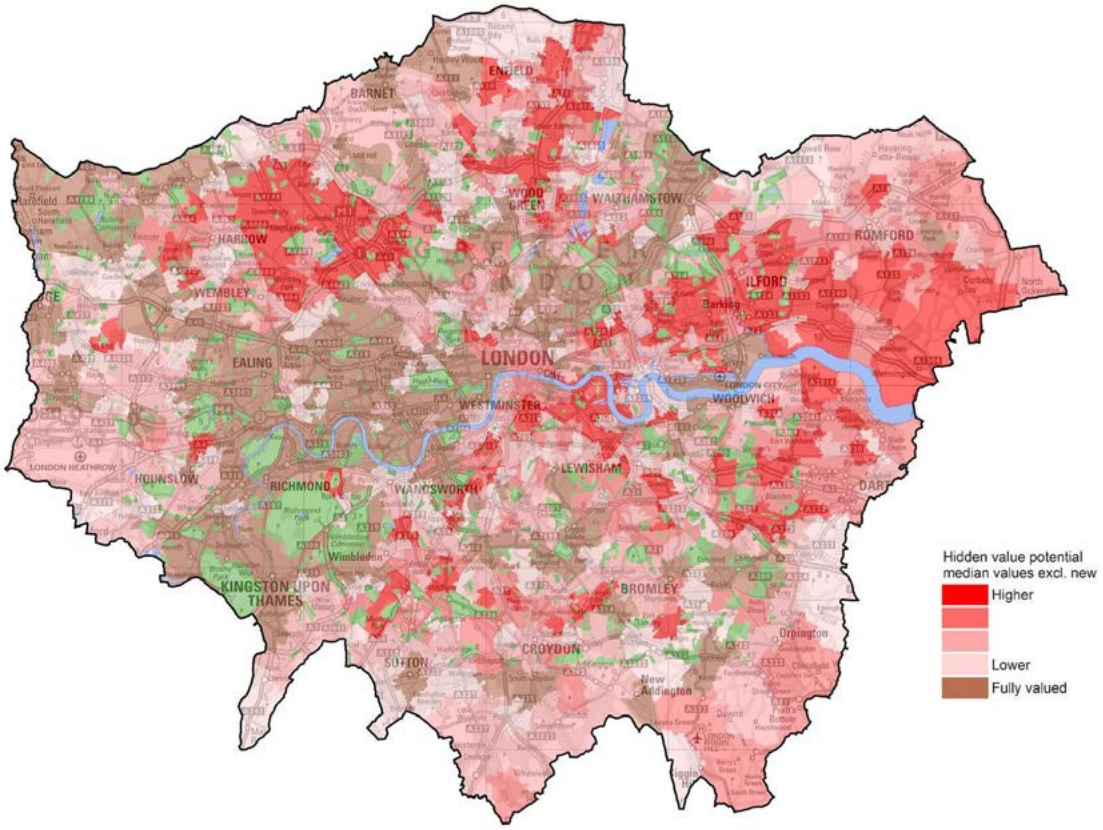
household size/HMOs and even 'beds in sheds'. Not all of these types of change would lead to an improvement in the amenity of the area or increase housing supply, in the case of basement extensions. Indeed, there are cases where these types of development have severe unintended consequences. A managed approach to redevelopment or densification of the suburbs is essential to ensure that changes are beneficial to the area as well as having a positive effect on the overall supply of housing.

4.43 Due to higher levels of car dependency and congestion on key parts of the highway network, any densification of the suburbs would need to focus on areas with existing or future good public transport provision, possibly PTALs 3 or above with an aspiration to reduce car ownership through modal shifts to sustainable transport.

4.44 Research undertaken by Savills suggests that there may be opportunities throughout outer London which have the potential for redevelopment at higher densities. Their research highlights the relationship between deprivation, existing or potential travel time to central London and the quality of a place and identifies places which have 'potential hidden value' – places which are 'under priced' relative to their transport links and the quality of their neighbourhood[155].

[155] http://pdf.euro.savills.co.uk/landp-b2b/where-best-to-develop-and-invest-march-2012.pdf?form=no

Figure 33: Places of potential hidden value



Savills, Where's best to develop, 2012

4.45 Figure 33 shows these in parts of, east and north west London and small pockets in south east London.

4.46 There are varying views as to the amount of uplift in provision this type of redevelopment might deliver. Submissions to the Commission represented a cautiously optimistic view with some believing the potential is likely to be small and incremental; in that the suburbs generally are not suitable for large scale restructuring particularly in areas with a PTAL lower than 3 where the prevailing two storey local character means the scope for significant increase is currently limited, although over time there may be opportunities for them to adapt towards more sustainable patterns of development.

4.47 Others felt there was much greater potential once restrictive factors such as the current planning policy regime was relaxed[156]. This latter view is supported by some in the development industry such as HTA Design, Savills, and Pocket Living, who believe there is much greater potential for different models to contribute to increasing supply in the suburbs. For example, over a twenty year period, HTA

[156] OLC Sub Regional Meeting Croydon – 22nd July 2015

propose that redeveloping just 0.5 per cent of London's semi-detached houses each year to double their existing density could increase supply by 400,000 new homes, ie 20,000 new homes per year. Based on these numbers, it does not have to be significant swathes of suburbia to make a significant contribution to overall supply.

4.48 Perhaps the simplest model of suburban intensification is traditional flat conversion, typically of semi-detached or detached dwellings over a threshold specified in a Local Plan (historically those of around 100 sq m). These were widespread in inner London Victorian and Edwardian housing in post war years, and even in the late 1980s were expected to comprise over 20% of total output. However, the contribution of outer London inter-war and later housing was more limited.

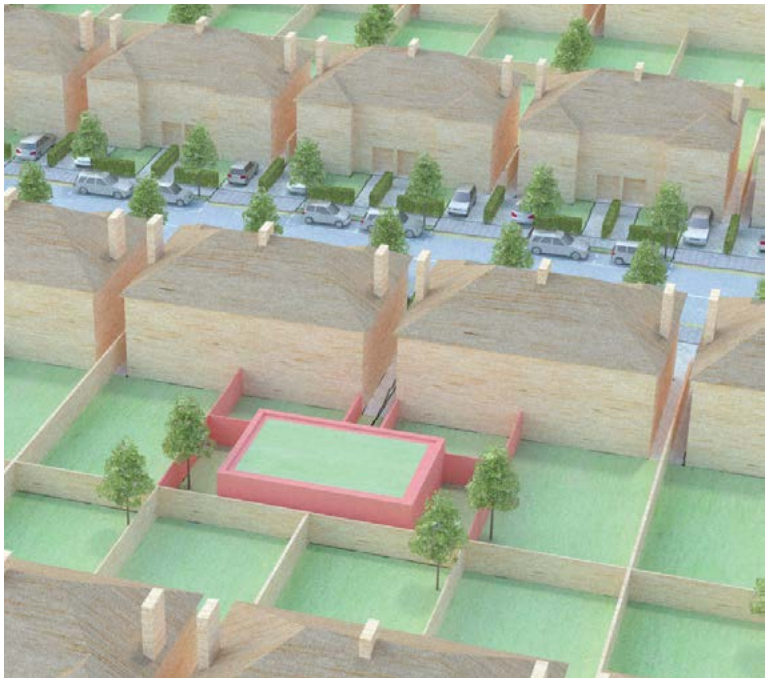
4.49 At that time there was concern over the impact of flat conversion on the stock of family housing, though subsequently there has been substantial growth in the number of smaller households (which currently account for over a quarter of household growth). Historically, there was also concern over the quality of some of the conversions, but now (other than for access), the Mayor's housing standards will apply to them. Similarly they will also be subject to his parking standards. Conversely, in parts of inner London in particular, there has been concern over the loss of smaller flats through reconversion/'amalgamation' to larger single homes and the lack of clarity in the planning system over how this can be controlled. For the future, government proposals to liberalise upward extensions may also have an impact on the suburbs.

4.50 The densification of selective parts of the suburbs may require new delivery models. A number of these are being promoted. One is 'Supurbia', which is designed to explore how incentives for individual occupiers could result in collective action for wider development with support from the planning system. It suggests how an area of semi-detached housing could be converted over time to an area of townhouses, apartments, dedicated older person housing and individual dwellings thereby increasing the overall density and supply of homes (Figs 34 and 35 below). This model is based on Local Planning Authorities and local communities working together to develop Local Development Orders (LDOs).

4.51 LDOs would be applied to a defined area such as a neighbourhood or block, by which a range of standard design solutions can be pre-approved so that private homeowners could select a pre-approved option or customise one within the set parameters, either developing their land alone or in collaboration with neighbours where this was an option to create more housing. Homeowners could exercise these options if they wanted to, but equally they could refrain from doing so if not. This concept builds on the current approach of permitted development rights and the forthcoming zoning for brownfield land. This model based on a LDO approach

would require local authorities to provide additional amenities as intensification reached agreed thresholds. A variant to this could be through a neighbourhood plan, which would be community led with proactive support by the local authority.

Figure 34: Two become three



HTA et al, Transforming Suburbia, Supurbia – Semi-Permissive 2015

Figure 35: Two become six



HTA et al, Transforming Suburbia, Supurbia – Semi-Permissive 2015

4.52 Densification could also be achieved through a mixture of less comprehensive methods. Another model being promoted is known as 'semi-permissive'. Developed by Pollard Thomas Edwards, this approach looks at how more carefully-framed permitted development rights could be used to incentivise householders to become micro-developers. Building on the Supurbia model, this approach is based on incentivising the owners of semis and detached homes to collaborate to redevelop or radically remodel their houses to create three or more modern homes. They propose a number of scenarios of how this might be delivered; whereby neighbouring owners collaborate to combine their gardens and remodel their side-passages creating access to a new single-storey house located in the rear garden, to two adjoining semis being replaced by a pair of ground floor and basement duplexes with a pair of duplexes above; or two adjoining semis replaced by a small three-storey block of six flats. The authors stress that draft guidelines would be needed for semi-permissive to work well suggest that they include guidance on building lines, heights and massing, internal space standard, material, amenity space, etc. Based on research by Nathaniel Lichfield and Partners/Hoi Yat Tsoi Associates the financial incentives of the profits to the private homeowners taking up these rights could be in the region of around £200,000[157].

4.53 The two approaches have much in common but show distinctively different approaches to planning and delivery; the semi-permissive model proposes a more market-led approach facilitated by top-down planning reforms, while the HTA Supurbia model propose a more consensual approach based on neighbourhood planning and local development orders. Both may require changes to the current planning policy framework, for example the Mayor's policy approach to protecting back gardens, and a change in the views of some outer London local authorities. It was noted that while the introduction of new London Plan policy did reduce the historic scale of output from 'garden' development this nevertheless still remains a significant source of provision in some outer London boroughs.

4.54 Many see this as an important source of supply but recognise the limitations of increasing densities on infill sites because of concerns over local context and character[158]. However, some stakeholders believe that, through innovative design, there is potential for doubling the densities of semi-detached housing whilst maintaining the character of suburban areas[159]. Design should be sensitive to ensure that intensification enhances rather than detracts from local character and heritage, particularly conservation areas, listed buildings and open spaces[160]. Investment in infrastructure and services would also be required to take account of additional population growth and ensure that communities feel the benefit of this growth. The Supurbia model suggests that this could be achieved as part of

[157] HTA et al, Transforming Suburbia, Supubia – Semi-Permissive 2015

[158] Kingston Submission

[159] Barnet Submission

[160] Heritage England Submission

the LDO process[161].

4.55 Densification of London's suburbs could also help support the local economy, and in particular town centres[162], with increased potential footfall and population in the surrounding area. However, one concern raised by some of the outer London boroughs[163] was that outer London would become even more of a 'dormitory' for inner London workers if local employment opportunities were not also increased. They consider that this is important to help maintain an appropriate balance of employment and housing so that it is not too far skewed towards housing. Although for each additional 1,000 residents, it is estimated that 171 local jobs are created[164].

4.56 Increasing the density of the population in some parts of outer London without some increase in local employment opportunities could mean many more people travelling to central London from parts of outer London. This may cause problems 'further down the line' for people trying to board at tube and railway stations in inner and central London, as even routes that appear to have additional capacity in outer London could reach maximum capacity further out. However, it is arguable that increasing densities within parts of outer London also strengthens the case for providing more comprehensive public transport in those areas, supporting more sustainable patterns of transport including increased walking/ cycling[165].

4.57 This type of development is also well suited to smaller developers. Over the past 10 years, there has been an increasing trend for provision to come from large sites of over 0.25ha. This has meant the developers who are better equipped for dealing with larger sites have increased their share of the market. This, coupled with the economic downturn, has seen smaller developers leaving the sector. Enabling and facilitating new entrants to the market, particularly smaller developers, will help provide competition which could also lead to more innovative design, widening the types of housing products and models, and will ultimately lead to greater housing choice. Although small sites form an important part of the supply chain, there is concern from some boroughs over the resource implications of getting small sites through the planning system compared to their contribution to supply[166], [167]. However, many boroughs agree on the importance of supporting small developers and suggest that business support/ assistance, including the development of new local networks of building tradespeople to

[161] HTA et al, Transforming Suburbia, Supubia – Semi-Permissive 2015
[162] Kingston Submission
[163] OLC Sub Regional Meeting - Enfield 15th July 2015
[164] GLA Draft Economic Evidence Base 2016
[165] OLC Sub Regional Meeting – Enfield 15th July 2015
[166] OLC Sub Regional Meeting - Croydon 22nd July 2015
[167] Enfield Submission

support training and development of apprentices, can help this sector[168].

Recommendation 22

The Commission endorses the principle of selective intensification of some suburban areas and of optimising the contribution of smaller sites in meeting housing need.

This principle is already outlined in the London Plan but could be refined and progressed further: . The Commission suggests that the development of the new London Plan provides an opportunity to underscore it. This will have to be done sensitively, not least by working with communities, boroughs, practitioners and developers to further explore how it can be achieved viably in differing circumstances, and without compromising local character and amenity. This in turn should provide the basis for guidance on implementation of refined policy. Priority should be given to promoting suburban intensification in areas of good public transport (PTALs 3 and 4).

The Commission also recommends that there should be greater support for small builders, who are likely to be the principal developers in these types of location. Further details are set out in the Commission's report on Barriers to Housing Delivery.

2e Estate Renewal

4.58 Estate renewal is another source of supply that has the potential to increase housing provision. Create Streets has suggested that relative to current approaches many social housing estates in London were not originally well designed and made inefficient use of space[169]. A significant number are currently in a poor state of repair and require substantial and costly maintenance, or in some cases, complete redevelopment.

4.59 Selective higher density renewal of existing estates is already London Plan policy (Policy 3.3) and contributes to current housing targets. It has recently been suggested that the approach could be extended to make a more significant contribution to new provision. These proposals would comprise socially mixed, multi-tenure housing, planned as entire communities with integral and modern commercial, retail, and transport facilities and improved public realm[170]. However, redevelopment of these estates is not without challenges, not least to the existing residents who may face being decanted from their homes and communities[171].

4.60 Lord Adonis, a major advocate of estate renewal, claims that based on the amount of land own by Boroughs, there are perhaps around 3,500 council estates across Greater London[172]. However, it is not only publically owned land on which social

[168] Barnet Submission
[169] Policy Exchange, Create Streets: Not just multi-storey estates, 2013
[170] IPPR, City Village: more homes, better communities, 2015
[171] OLC Sub Regional Meeting - Ealing 21st July 2015
[172] IPPR, City Village: more homes, better communities, 2015

housing has been built. In recent times RSLs have been responsible for provision of social housing and the figure for 'council estates' may in fact be higher.

4.61 A recent London Assembly report suggests that there have been about 50 social housing estates which have been substantially redeveloped in the last decade[173]. The GLA has identified 100 schemes which are currently undergoing redevelopment (some of which are included among the 50 identified by the Assembly). By inference, a significant number of estates have remained largely undeveloped since they were built, beyond modernisation and maintenance.

4.62 The Assembly report also states on those 50 estates that have been substantially redeveloped in the last decade, the densities have increased significantly and the number of homes has almost doubled from 34,000 to 67,000 homes[174]. Lord Adonis suggests that recent estate regeneration schemes in London have typically doubled their existing densities[175]. Where these estates adjoin public and other brownfield land, some commentators have suggested that on the larger sites the potential could be four or five times the existing provision[176].

4.63 Create Streets have analysed the potential capacity of London's social housing estates to be rebuilt at higher densities in ways which will increase overall housing supply in a 'mid-rise' form following a traditional street pattern. The report estimates that around 360,000 homes exist on medium and high rise, but often low density, council estates and that if they were rebuilt to higher densities, between 120,000 and 406,000 additional homes could be produced, depending on the density at which they were built[177].

4.64 Research by Savills supports the concept put forward by Create Streets, suggesting that reintroducing a street-based urban form with a variety of traditional housing types will not only significantly increase densities within these estates but also stimulate wider regeneration through integration with adjacent areas and delivering additional commercial and community benefits[178]. Savills estimate that there is some 8,500 hectares of local authority housing estates, which if they had been designed around a street-based model would have yielded an additional 490,000 homes than at present. Recognising the political and practical challenges that not all of these estates can be redeveloped, the authors suggest that there is c1,750 hectares of estates that might be capable of this type of regeneration with the potential to provide between a total of 190,000 - 500,000 homes on the Create Streets model, which would equate to between 54,000 and

[173] Knock it Down or Do it Up?, London Assembly 2015
[174] Knock it Down or Do it Up?, London Assembly 2015
[175] IPPR, City Village: more homes, better communities, 2015
[176] IPPR, City Village: more homes, better communities, 2015
[177] Policy Exchange, Create Streets: Not just multi-storey estates, 2013
[178] Savills, Completing London's Streets 2016

360,000 additional homes.[179]

4.65 Further research is required to provide an authoritative indication of the total potential capacity of existing social housing estates and the portion of this where redevelopment is realistic and practical. The GLA is working with boroughs to establish a London wide database of the extent and distribution of the estates. So far returns have been received from 16 boroughs. Some have data only for their own council owned estates and returns from housing associations are more variable. It is estimated by some that housing associations own roughly half of London's social housing stock[180].

4.66 It is reported that whilst there seems to be an appetite to explore the potential of this type of supply in more detail, it is generally acknowledged that there are significant practical challenges in bringing it forward. Early, often controversial, decisions need to be taken on the mix of demolition, rebuilding and refurbishment – which may also include decisions about whether to CPO private housing within the estates to enable the optimum re-provision in terms of layout and efficient use of space - Right to buy has therefore added to this complexity. It is also essential to minimise and properly manage disruption to existing tenants and secure community engagement and support. Ideally, projects should be phased, so that tenants can make one move within the development rather than be 'decanted'. There have been instances where the 'decanting' of residents has not only meant residents are moved quite some distance but that the disruption to their lives is over a significant period. Moving even relatively short distances can be disruptive to residents' lives, particularly for those with children who have to travel to school and /or be accompanied[181].

4.67 Financing is also challenging. An appropriate balance between different tenures and unit size needs to be agreed, which then influences the social mix and financial viability of the scheme - with the need to cross-subsidise social homes with the private for-sale homes. Upfront costs to ensure appropriate social infrastructure is provided can mean that the private sale homes are built first, delaying the return of existing residents.

4.68 While boroughs may be supportive of this type of development in principle, they can lack the resources and skills to undertake the projects themselves or at least significant number at any one time182. Lord Adonis offers up two potential solutions: transfers of stock to housing associations with outline agreements on redevelopment potential, provided the housing associations themselves have the necessary development and management capacity. The second is joint ventures with the private sector acting as a delivery vehicle but without transferring full

[179] Savills, Completing London's Streets 2016
[180] IPPR, City Village: more homes, better communities, 2015
[181] FALP consultation response – London Tenants Federation
[182] IPPR, City Village: more homes, better communities, 2015

ownership which gives the boroughs greater control over design and the shaping of the neighbourhoods. Because it provides greater certainty on planning and related issues this also helps to de-risk schemes. However must be recognised that if the existing land is 30% of the total development capital, then 70% of the control will be in the 'private sector' and the funding will need to rest, in some form, upon the 'ownership'.

4.69 Savills suggest another solution to resource and capacity constraints could be for the GLA to provide additional support to boroughs by helping to bring forward regeneration sites. Such support could range from access to a team of experts, to the formation of bespoke vehicles such as the English Cities Fund which can apply the most effective techniques across the development process, from consultation, design, funding, build to ongoing management and maintenance[183].

4.70 Recent changes to legislation will enable local authorities to carry out their own direct development and fund it through their own housing revenue account; this is something a number of London boroughs are considering[184]. More details of which can be found in our accompanying report on the Barriers to Housing Delivery. The Government also announced in the 2014 Autumn Budget a £150 million fund to kick start the regeneration of large housing estates through repayable loans in order to help boost housing supply across the country.185

4.71 Even without comprehensive redevelopment, these estates can provide opportunities to make substantial increases in density by developing areas between buildings and along the edges of estates, or by converting ancillary buildings. For example in Wandsworth, the council has delivered 238 homes over ten years with its 'hidden homes' initiative, which delivers small-scale housing for rent or shared ownership on disused or problematic space on estates.

Recommendation 23

The Commission endorses the national priority now attached to estate renewal to increase overall housing capacity and is mindful that it is already well established in London. There are challenges in bringing schemes forward, at least as a short term measure to address need, especially the impact on existing residents, the continuing importance of these areas to meet the need for affordable housing and the phasing of development. The Commission believes these challenges can be overcome with careful planning, design and management.

In developing the new London Plan, the Mayor is advised to consider estate renewal strategically as making a medium to long term contribution to meeting housing need. For the short term, the Mayor should continue to build up a more comprehensive

[183] Savills, Completing London's Streets 2016

[184] Enfield Submission

[185] HM Treasury, 2013 Autumn Statement (2013), p. 61. HM Treasury, 2014 Budget , Section 1.143, p.40.

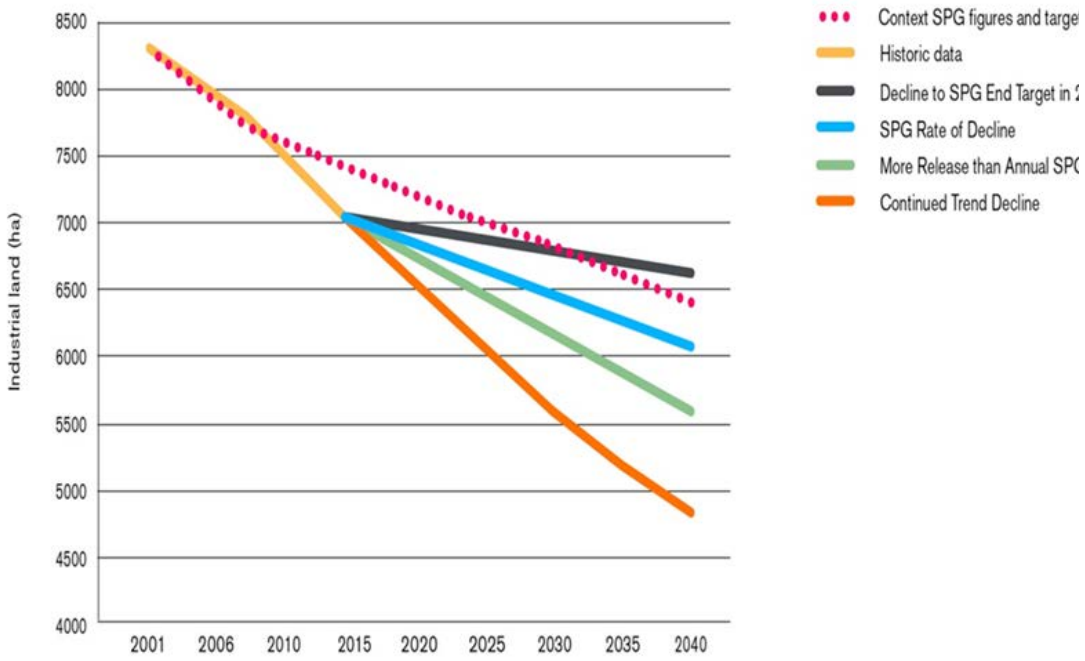
understanding of the number of estates in London, identifying those which are practical propositions for renewal, The Commission believes that ensuring estate renewal continues to make a contribution to meeting the needs for affordable housing is an essential component of this strategy.

2f: Industrial and Commercial Relocation within London

4.72 Whilst the current policy approach in the London Plan is managed release of industrial land, the current rate of release between 2010 and 2015 is 105ha per annum, which is significantly above the GLA's Land for Industry and Transport SPG benchmark rates of release of 37ha per annum.

4.73 The current distribution of industrial land by broad type of use, strategic designation and vacancy is shown in Figure 37, 38 and 39 below. Figure 36 (the dotted pink line) shows the level of industrial release (37 ha pa) which underpins current policy in the 2015 London Plan. However, the level of release has been substantially in excess of this, almost by a factor of three. Historically, much release was from smaller sites and on an ad hoc basis - Strategic Industrial Location designations then afforded a more robust level of protection for the larger sites. Figure 36 shows that now pressures are more widespread, a significant element of release is being formalised through the local and strategic planning system. If trends continue, the current stock (c7,000 ha) could contract by some 30% to 4,700 ha by 2041 with the SPG target being reached by around 2017.[186]

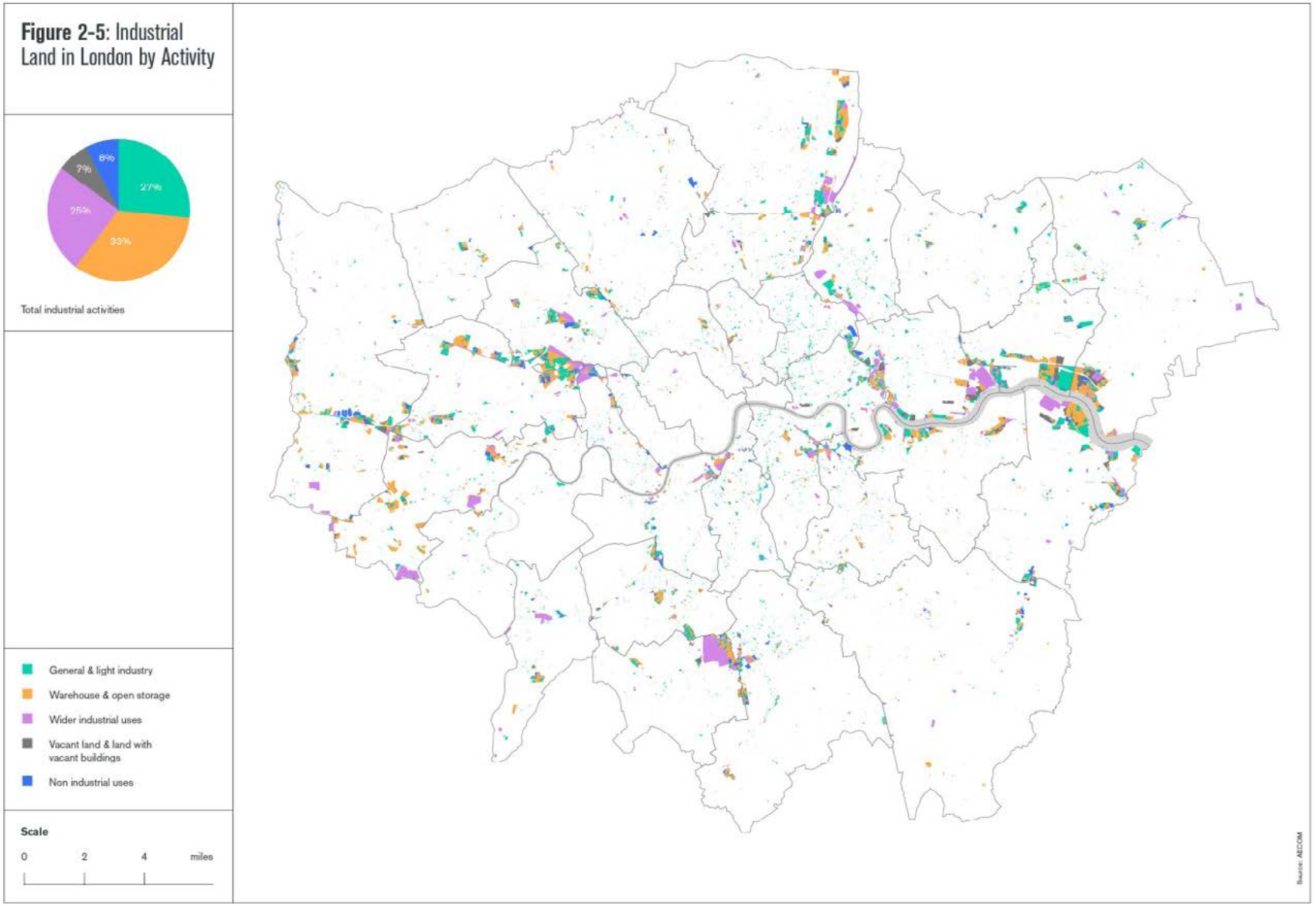
Figure 36: Industrial Land Release



GLA, Industrial Land and Supply and Economic Study 2015

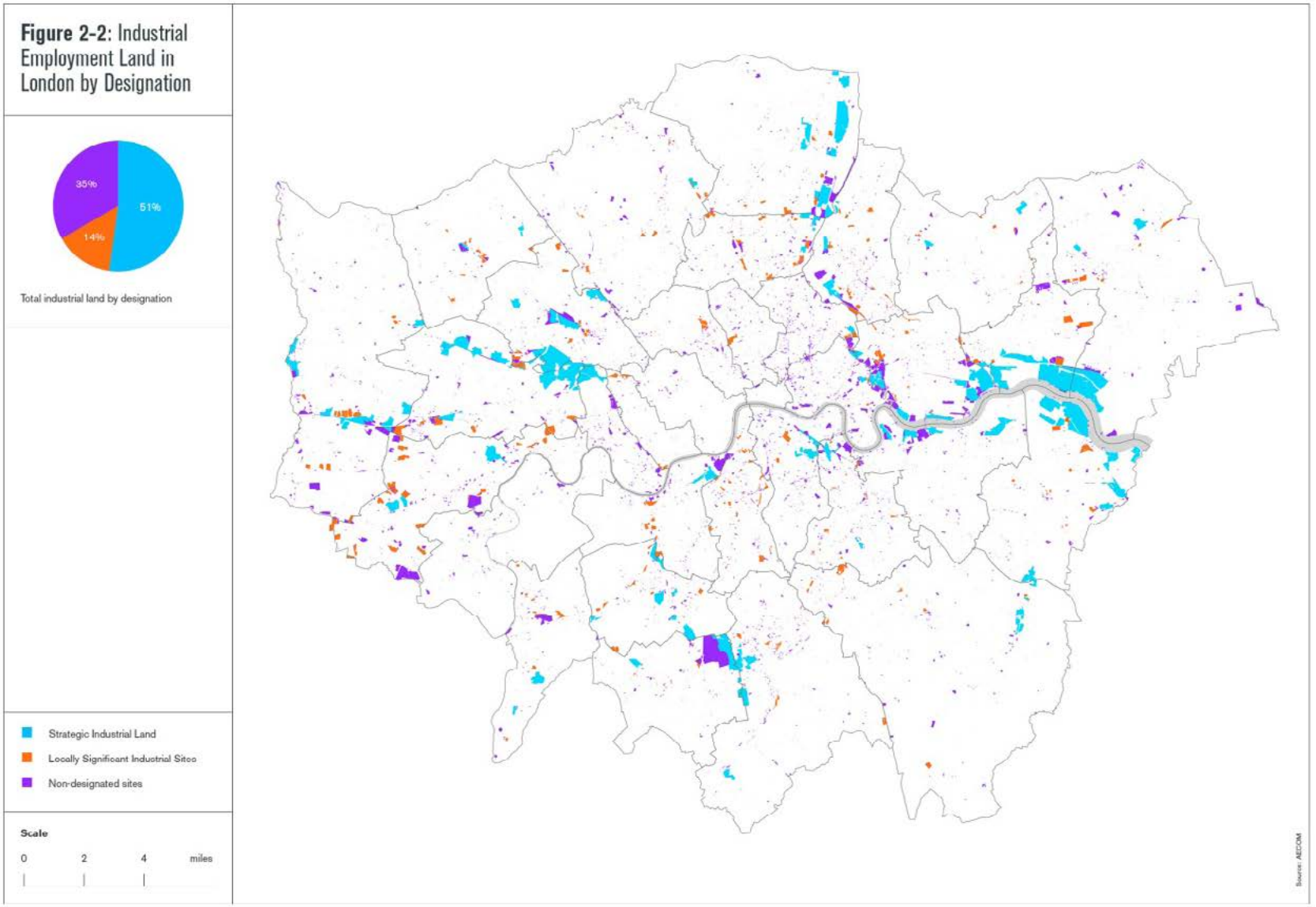
[186] GLA, Industrial Land and Supply and Economic Study 2015

Figure 37: Industrial Land in London by Activity



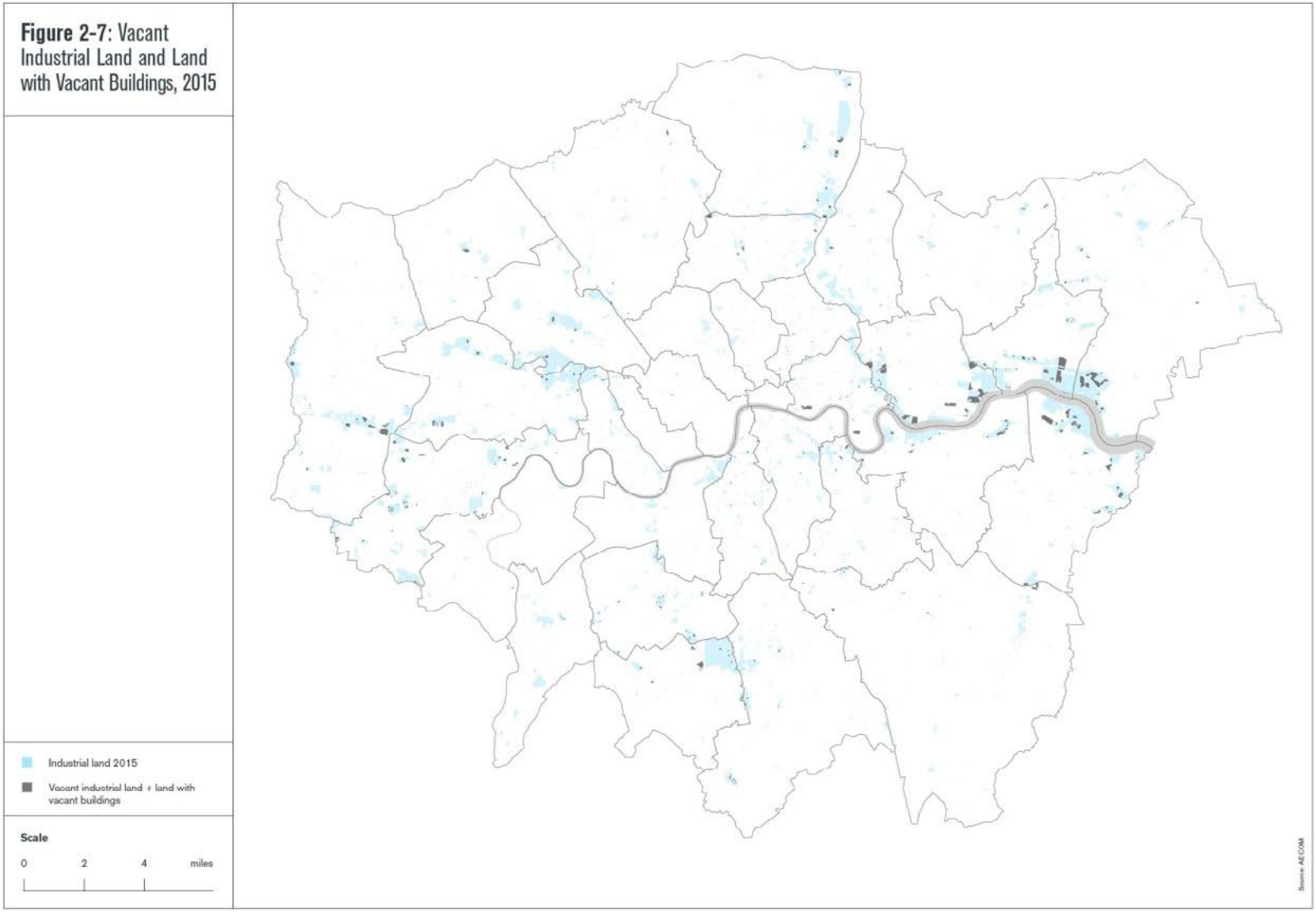
Source: GLA, Industrial Land and Supply and Economic Study 2015

Figure 38: Industrial Employment Land in London by Designation



Source: GLA, Industrial Land and Supply and Economic Study 2015

Figure 39: Vacant Industrial Land and Land with Vacant Buildings 2015



Source: GLA, Industrial Land and Supply and Economic Study 2015

4.74 Outer London accounts for most potential release, focused on the East (205 ha) and West (187 ha) sub-regions. At a borough level, the following are particularly important: Barking and Dagenham through the London Riverside Opportunity Area and other unimplemented permissions; Tower Hamlets through the Lower Lea Valley Opportunity Area; Hillingdon through proposed rationalisation of its industrial land on its Strategic Industrial Land sites/ LSIS); Hammersmith and Fulham through the Old Oak Common and White City Opportunity Areas and South Fulham Riverside SPD); Enfield through the Upper Lea Valley Opportunity Area; and Ealing through the Park Royal, Old Oak Common and Southall Opportunity Areas.

4.75 On the face of it this appears a disturbing loss (Figure 19 also provides scenarios for other levels of release). However, locally, and at the time, these releases were seen to be justified by apparently pressing requirements to accommodate new uses, not least housing. It is only when they are viewed cumulatively and strategically that the scale of potential change becomes apparent.

4.76 That being said, the nature of 'industrial type' activities is changing and it is possible that if London becomes a more productive city in line with national ambitions[187] then the need for industrial land/'affordable business space' provided through the planning system may not be as widespread as it was in the past. This view should be tested rigorously in the forthcoming industrial demand study, assessing in particular what it might mean for the future functioning and productivity of the London economy as a whole. In some respects the same question might apply to office provision when assessing demand for this beyond the central London market areas.

Recommendation 24

As indicated in Recommendation 7 the Commission shares the Mayor's concern to ensure that London has an adequate stock of affordable business space protected through the London Plan's industrial land policy while also recognising that genuinely surplus space must not be fossilised by the planning system when there are other pressing land use requirements, not least housing. It therefore advises the Mayor to explore the:

- broader economic implications of the relocation of industrial and commercial uses to other parts of London or (recommendation 30) beyond its boundaries having special regard to additional business and environmental costs, including implications for transport movement and the capacity for such relocation;
- quantum of housing capacity which might become available in these areas as a result of the relocation of industrial and commercial uses; and
- the contributions this housing might make to London's overall output and productivity relative to that which would be made if the land remained in industrial use.

[187] HM Treasury, Fixing the Foundations: Creating a more prosperous nation, July 2015

2g: Co-location of Housing and Industrial Uses

4.77 It has been suggested by some that the scope for viable co-location of housing and at least some types of industry/offices on the same sites should be considered further , particularly in response to the intense pressure for housing and the London Plan already provides some support for this. Whilst the Commission acknowledges there may be instances where some co-location maybe acceptable, for example with light industry in areas where there is already some residential units, the Commission would urge caution as to the acceptability of this in many areas and suggests that there needs to be a better understanding and distinction between the types of businesses or uses that may be appropriate for co-location. This is important for both the amenity of the future residents as well as to ensure the remaining businesses are able to function properly, particularly if they operate 24 hours and especially where this includes vehicular movement. The Commission raised this as a significant issue in our third report , noting that the success of many of these locations, particularly the larger industrial sites with strategic infrastructure, relies on the physical separation of uses and they may not always be appropriate for mixed use development.

4.78 Many outer London boroughs have raised concerns over the operational requirements of some estates , particularly in relation to 24 hour operations , whilst also noting problems arising from the introduction of residents into isolated areas with poor public transport, little or no community infrastructure and a poor quality environment. The mix of different types of uses on industrial estates can impact on the ability of different occupiers to function effectively.

4.79 PD rights for conversion is a particular concern as it is the pepper potting of residential units into these sites which can seriously compromise the offer of the wider areas as competitive locations for certain types of business188. There is already approximately 83,227m2 of office (B1a) floorspace in designated industrial areas in London with prior approval for office to residential conversion189. The impact of losing important employment land is also of significant concern for outer London and could potentially influence its ability to provide an appropriate balance between jobs and homes. Even when the introduction of housing is part of a redevelopment based on planned release, those residential uses adjacent to industrial sites can still experience 'bad neighbour issues' and compromise the successful functioning of existing businesses. The Commission therefore considered that it is important that where the co-location of housing and businesses uses are proposed, this is managed through the planning process so that the impacts of all parties are taken into account fully.

[188] OLC Sub Regional Meeting – Croydon 22nd July 2015

[189] GLA, Industrial Land and Supply and Economic Study 2015

Recommendation 25

The Commission would advise caution in promoting the co-location of housing and some industrial uses. This should extend to locations adjoining industrial estates. In both circumstances housing can undermine the successful functioning of nearby businesses.

2h: Selective Release of the Green Belt within London

4.80 Consideration of potential changes to the Green Belt has emerged as a particularly contentious, complex and sensitive issue for the Commission, especially in relation to housing. The National Planning Policy Framework ('NPPF') confirms that the Government "attaches great importance to the green belt", but other than as a headline does not use the term 'protect' in its policy. Instead it states that the "fundamental aim of Green Belt policy is to prevent urban sprawl by keeping land permanently open; the essential characteristics of Green Belts are their openness and their permanence". The NPPF sets out five "purposes":

- To check the unrestricted sprawl of large built-up areas;
- To prevent neighbouring towns merging into one another;
- To assist in safeguarding the countryside from encroachment;
- To preserve the setting and special character of historic towns; and
- To assist in urban regeneration, by encouraging the recycling of derelict and other land.

4.81 Once Green Belt has been designated on the basis of these purposes, policy for it is simply to "plan positively to enhance the beneficial use of the Green Belt such as looking for opportunities to provide access; to provide opportunities for outdoor sport and recreation; to retain and enhance landscapes, visual amenity and biodiversity; or to improve damaged and derelict land". It is clear that this list of actions is not definitive or prescriptive, nor do the actions have to be carried out in combination. Discussions with the Commission suggest that the purposes of Green Belt are not always properly understood. In particular it is assumed by some that the Green Belt is intended to protect the quality of the landscape, with the inference that if the landscape is not of good quality then the Green Belt is no longer functioning as government intends and so can be released. This is not in fact the case. Though government recently proposed refining Green Belt policy[190] , it was not to change its fundamental objectives or more detailed purposes as outlined above. The Government is only suggesting relatively minor liberalisation for some forms of development within the Green Belt.

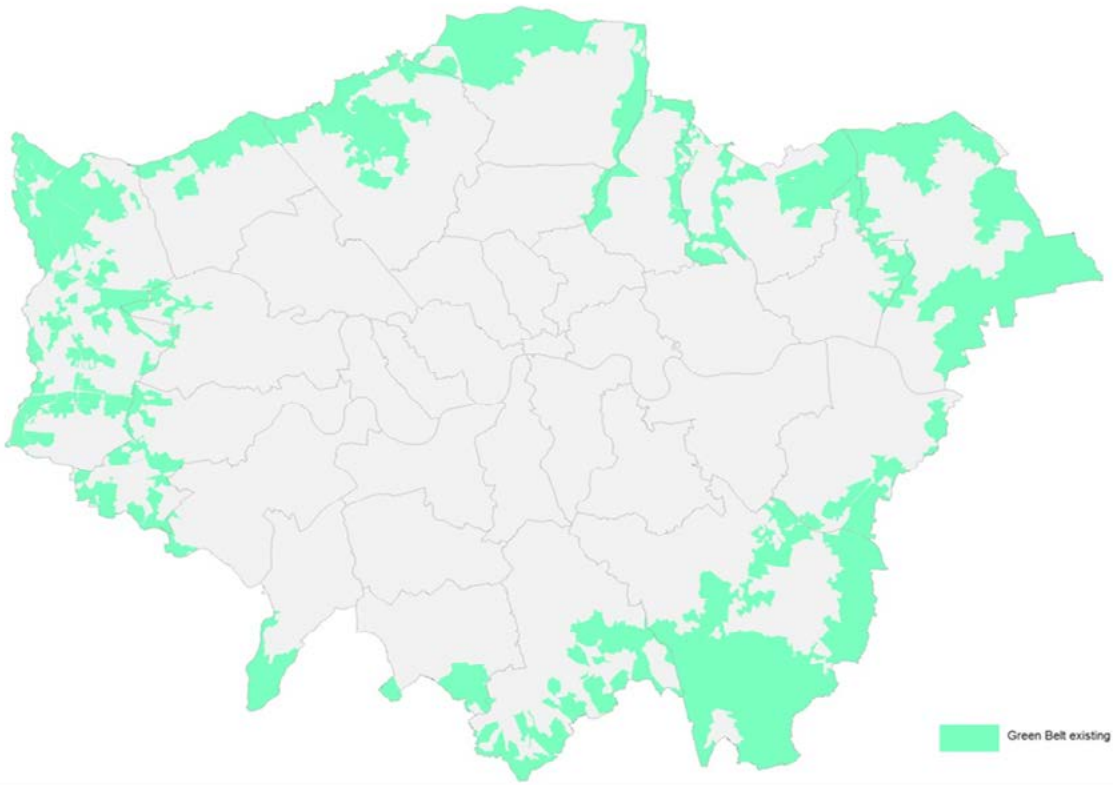
4.82 The Policy Exchange suggests that designation of the Green Belt came about as an integral part of the original new towns "deal" which was an implicit contract between the "NIMBYs" and those needing homes, effectively "greenbelt

[190] DCLG Consultation on proposed changes to national planning policy. 2015

protection in return for new towns". This was the deal offered by the garden city movement and more explicitly by the new towns in the post war era to allow the protection of green fields around traditional communities in return for agreeing to the development of new settlements[191]. However by the early 1980s, as housing supply was broadly in balance with housing need, the requirement for new towns and new communities largely evaporated and the housing delivery part of the deal was all but forgotten. During this period further environmental protection was introduced through new environmental and Green Belt designations[192].

4.83 There are currently 35,260 ha of Metropolitan Green Belt in London, representing 22% of its total area (Figure 39). The Green Belt has been perhaps the single most important factor in encouraging a 'compact city'[193] and indirectly may have contributed to the economies and efficiencies which go with that. The policy has been very effective in London with over 98% of development coming from brownfield sites[194]. Loss of Green Belt has averaged only 1.6ha pa over the last decade, which is the equivalent of losing only 0.01% pa.

Figure 40: London Metropolitan Green Belt



Source: Greenspace Information for Greater London (GiGL)

[191] Lord Matthew Taylor (Edited by Christopher Walker) (2015) Garden Villages: Empowering Localism to solve the housing crisis, The Policy Exchange

[192] Lord Matthew Taylor (Edited by Christopher Walker) (2015) Garden Villages: Empowering Localism to solve the housing crisis, The Policy Exchange

[193] Richard Rogers, London: The Compact City – a vision for 2033, Issue 87 October – December 2013

[194] GLA London Development Database

4.84 The NPPF states that once established, Green Belt boundaries should only be altered in exceptional circumstances through the preparation and review of a local plan, and that in defining boundaries local planning authorities must have regard to their intended permanence in the long-term. When reviewing Green Belt boundaries, local planning authorities should take account of the need to promote sustainable patterns of development and reflect the approach set out in paragraph 85 of the NPPF.

4.85 The London Plan is currently clear on that green belt release should have the "strongest protection in accordance with national guidance'. Despite the vigour of the wording of the headlines to national policy, the detail does in fact provide some flexibility to release Green Belt providing this follows the full local planning process. The NPPF makes clear that Green Belt reviews should be a local planning authority matter and so far the two London's Mayors have accepted this and have not entertained a strategically coordinated approach to release.

4.86 However, the Commission heard that there may be grounds for this. S30 of the GLA Act enables the Mayor to take action to further one or more of the authority's principal purposes eg providing homes for Londoners. Moreover, the London Plan is legally part of the Development Plan for any area of London and, more practically, the NPPF is clearly written with single tier planning authorities in mind.

4.87 Proponents of reviewing the Green Belt, and potentially its selective release, often argue that the Belt is of variable quality and that more land should be released for development while protecting the environmentally and amenity-rich areas more rigorously than at present[195]. However, as noted above, none of the five purposes in the NPPF relates to the quality of the landscape.

4.88 Some of those that argue for its release, also justify their position on the grounds that the Belt is limiting Londoners' spectrum of housing choices, and especially the historic preference for low density suburbia. If boroughs are to address the needs of a wide range of people in terms of housing size, type, and tenure, limiting themselves to existing land within Green Belt boundaries could lead to increasingly dense forms of development which constrain choice[196].

4.89 An Adam Smith Institute Report, 'The Green Noose: An analysis of Green Belts and proposals for reform', supports this position and argues that the benefits of the Belt accrue to a small group of people at the expense of many others. Access to it correlates closely with household income in that the policy preserves large amounts of plentiful green space around the well-off at the expense of rarer green space near those less well off within the urban fabric. By limiting the supply of land, Green Belt policy inflates house prices and rents and acts as a de facto wealth transfer from poorer non-homeowners to middle- and upper-income homeowners[197].

[195] Paul Cheshire Professor Emeritus of Economic Geography, London School of Economics

[196] Hounslow Submission

[197] Adam Smith Institute Report The Green Noose

4.90 This notion is also supported by others such as the Centre for Cities which argues that that the opportunity cost of the Belt is a lack of developable land, resulting in less homes being built and higher prices[198]. London First suggest that there whilst options for growth should rightly focus on re-using brownfield land and intensifying development in existing built-up areas with good public transport connections, there is a limit to the extent to which densities can be increased. Given the scale of London's housing challenge, they believe it is unrealistic to assume that brownfield land on its own can do the job[199]. This issue is explored in more depth in the OLC's report on the Barriers to Housing Delivery which asks how far the housing pipeline can actually be delivered and whether the 27,000 completions per year is actually a 'natural' limit. This assumes that development focuses on the easier sites to deliver and that the remaining approved capacity comes from more difficult sites with more complicated barriers which may or may not be overcome. This in turn raises the question as to whether the planning system (through the pipeline or the SHLLA) can provide a true reflection of capacity and whether other options for land release need to be considered more fully.

4.91 There are various views on the potential housing supply that could come from a strategic review of the Green Belt. Some commentator such as Paul Cheshire, London School of Economics suggests that by building on the least attractive and lowest amenity parts of the Belt, at average densities, there is potential for over 1.6 million additional homes covering an area of 32,000 ha200. Using a different approach, the Centres for Cities suggests that based on a 2km buffer around stations (which equates to 24 minutes walk time), the removal of non-greenbelt constraints such as SSSIs, SPAs, AONBs, etc and assuming around 60 per cent of remaining sites can be developed (removing land already potentially covered by buildings) then even building at an average density of 40dph would give approximately 432,000 homes on 18,000 ha of land. If this was extended beyond the GLA boundaries, using the same assumptions, there could be land available for potentially 3 million extra homes[201]. The Government's recent NPPF consultation on higher density development around commuter hubs could have the potential to increase these figures significantly202.

4.92 Around the outer Boroughs as a whole, there are mixed views as to whether there is a need to review the Green Belt. Some suggest that selective release should only arise after all reasonable and acceptable efforts have been explored to maximise the amount of development within London. Optimising densities and

[198] http://www.centreforcities.org/wp-content/uploads/2014/11/14-10-31-delivering-change-building-homes.pdf

[199] London First, The Green Belt: a Place for Londoners

[200] http://blogs.lse.ac.uk/politicsandpolicy/turning-houses-into-gold-the-failure-of-british-planning/

[201] http://www.centreforcities.org/wp-content/uploads/2014/11/14-10-31-delivering-change-building-homes.pdf

[202] National Planning Policy Framework Consultation, January 2016

ensuring that all land is appropriately used must be the first response to growth[203]. Others indicate that they would need the Mayor to direct a strategic review of the Green Belt, with the inference that this would allow boroughs to be removed from a 'decision' which is too sensitive to address locally[204]. [205]

4.93 Some boroughs go further and suggest that if any progress is to be made then the Mayor needs to direct a full structural and strategic review of Green Belt policy to including environmental quality and recreation considerations which are not primary NPPF 'purposes'[206]. Any boundary reviews would then be undertaken by the boroughs following from this new methodology. They stress that 'chipping away' at the Green Belt without a fundamental review of its purposes will only erode the usefulness of the policy and local willingness to accommodate new development[207]. This suggests that a full structural review may require changes to national policy on the overall objectives and purposes of the Green Belt. However, current government indications suggest that such radical changes are unlikely.

4.94 There are clearly major challenges in carrying out a formal strategic Green Belt review and uncertainties as to whether it is in fact necessary . A great deal depends on the availability of alternative sources of development capacity and the position taken by central government as well as local authorities. However, it seems likely that, given competing demands for land, some boroughs may find it appropriate to undertake local reviews to accommodate growth in the most sustainable way. In such circumstances, the Commission believes that consideration might be given as to whether the London Plan could be used to provide broad strategic principles to coordinate such local reviews. These principles might include strategic justifications for the reviews, indications of where they might be appropriate eg along coordination or growth corridors and proximity to public transport, and other strategic factors which should be taken into account in implementing national policy in the unique circumstances of London eg the approach to be taken to Areas of Outstanding Natural Beauty, woodland, areas of scientific interest, high quality farmland as well as more specific pointers such as those already proposed by government. Independent commentators and some local authorities within and outside London have already suggested a range of factors which they consider authoritative and necessary in carrying out local reviews.

[203] Barnet Submission
[204] Ealing Submission,
[205] OLC Sub Regional Meeting - Croydon 22nd July 2015
[206] OLC Sub Regional Meeting - Enfield 15th July 2015
[207] Ealing Submission

Recommendation 26

The Commission noted that independent Green Belt reviews were being promoted or considered by several boroughs. The Commission is concerned that undertaking such reviews on a piecemeal basis may not take full account of strategic considerations eg Growth Corridors and pan London environmental objectives, and may not fully optimise development outputs.

The Commission considers that it would be desirable for reviews of the London Green Belt to have a strong strategic dimension and coordination and be a matter for joint work by the Mayor and all the relevant boroughs. However, the Commission is also mindful that the NPPF makes such reviews a matter for local planning authorities.

The Commission therefore suggests that in developing a new London Plan the Mayor includes a consistent methodology/principles to coordinate and provide a strategic dimension to boroughs' local Green Belt reviews. These principles could, for example, indicate how account should be taken of London's distinct Growth and Coordination Corridors, proposed transport investment and the qualitative dimension to its environmental policies.

2i: Airports as catalysts for growth

4.95 Through globalisation, London has become increasing specialised in certain activities and has built upon its comparative advantages. Many factors explain why London remains a highly competitive location including its central position in terms of time zones, its openness to trade, its connectivity and links to international markets, and its competitive business agglomerations. The location and capacity of its airports bear on these directly and indirectly. Figure 41 shows the distribution of the major airports currently serving London.

4.96 Airports in themselves are significant catalysts for growth. They are worth £21bn to the UK's economy each year with 40 per cent of our country's imports and exports (measured by value) going by air[208]. Through their multiplier effects they facilitate direct and indirect employment, making an important contribution to their local economies, being major employers in their own right and attracting companies whose business depends on air travel into their immediate proximity as well as through their wider supply chains. Their connectivity and accessibility through their supporting physical infrastructure also facilitates greater business opportunities to the wider UK economy, spreading their multiplier effects further as well as supporting the tourism industry. Of the 32 million tourists that visit Britain every year, 72 per cent of them arriving by air[209]. Through their economic potential, airports also unlock further growth creating demand for additional housing. However, it is sometimes questionable how much housing growth should be close to airports due to their externalities such as air quality, noise and congestion on surface level transport.

[208] Gateway to our Future, The Mayor of London Aug 2014

[209] Gateway to our Future, The Mayor of London Aug 2014

Figure 41: Airport serving London



opensource Openstreetmap base

4.97 The South East needs increased airport capacity to ensure the UK remains globally competitive and that London continues as a major net contributor to the national exchequer. However, due to the significant economic, social and environmental impacts of airports, the development of any airport capacity in the South East will have profound impacts on the spatial and economic fabric of the city. The Government set up an independent Commission in 2012 to identify and recommend options for maintaining the UK's status as a global aviation hub. In the summer 2015, the Davis Commission produced its report to the Government recommending expansion of Heathrow subject to a number of significant conditions, which many commentators (including the current Mayor and the two main prospective mayoral candidates) have suggested will be impossible to overcome. Government's response to Davis and it is not expected until after May 2016.

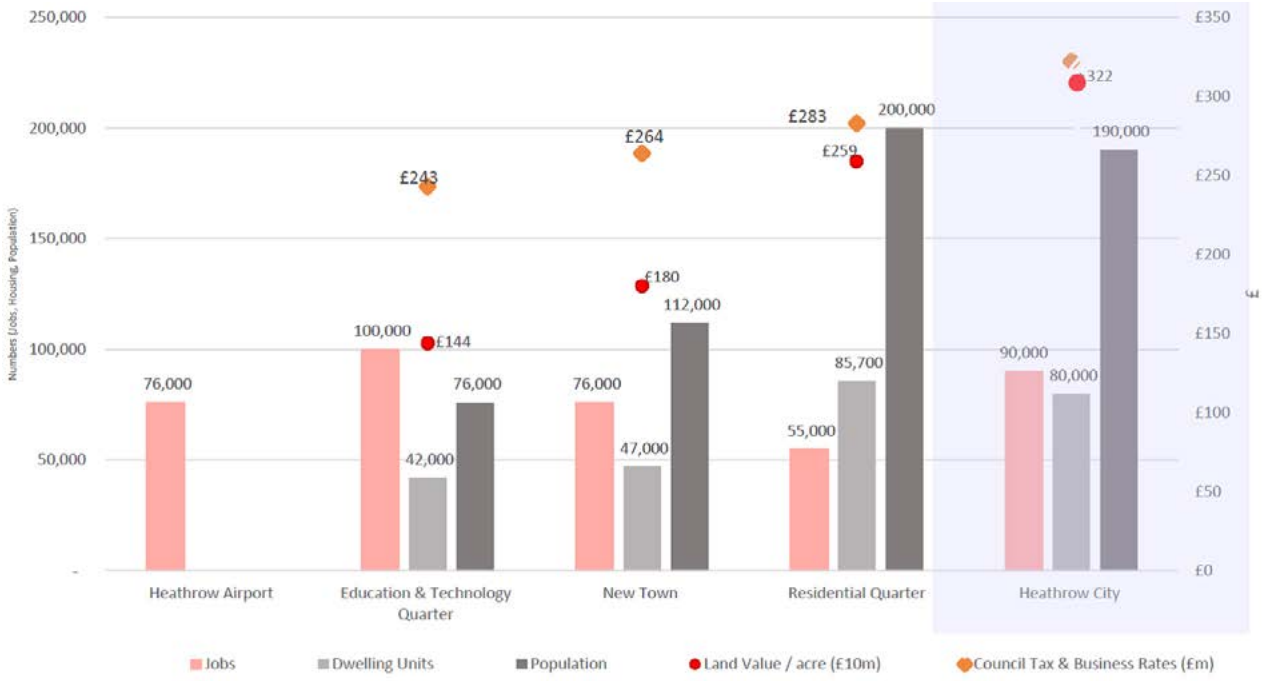
4.98 The current Mayor made representation to the Airport Commission setting out his evidence in relation to the impacts of potential airport expansion in the South East. His two preferred options were based on a new airport hub in the Thames Estuary but he also highlighter potential to expand capacity at Stansted. All 3 representations made by the Mayor suggested growth of a similar, significant scale. The Estuary options could create c 135,000 new jobs locally and c123,000 additional jobs could be created at Stansted, generating between £16.6 billion - £16.4 billion in GVA per year respectively. All 3 options would become catalysts for further employment and development in a number of 'zones' in 'corridors' of development associated with major transport links connecting the airports to

London. Although each option would have different locational impacts, in broad terms one of them could support nearly 400,00 jobs nationally, resulting in a cumulative UK GVA increase of c £742 billion between 2015 and 2050, adding a further 0.5 per cent to UK GDP by 2050. [210], [211],[212].

4.99 As the Mayor's representations to the Airport Commission show, airports can be the catalyst for unlocking substantial growth potential. Their bearing on Heathrow and its associated economy is likely to be significant, especially if it were to close. However, Heathrow has unique potential as a re-development site which has been explored though a range of scenarios were it to close by, say, 2030. In the long term this might not reduce overall employment or the areas contribution to national output.

4.100 Heathrow currently occupies 1,200 hectares in London. It has significant infrastructure in place, high connectivity to Central London and high intrinsic land values. This provides inbuilt capacity to develop without the need for significant upfront infrastructure costs. The Mayor's study looked at 3 scenarios; the first based on an education and technology quarter, which included clusters of HEI's, research facilities, spin-off companies, knowledge parks and office development; the second based on the development of a New Town and the third based on the development of a new residential quarter equivalent to a Hammersmith and Fulham or Kensington and Chelsea.

Figure 42: Proposals for potential redevelopment of Heathrow



[210] http://content.tfl.gov.uk/outer-thames-estuary-hub-plan-2013.pdf
[211] http://content.tfl.gov.uk/isle-of-grain-hub-plan-summer-2013.pdf
[212] http://content.tfl.gov.uk/new-hub-airport-stansted-mayor-of-london-july-2013.pdf

4.101 Figure 42 shows the potential opportunities in terms of jobs, housing growth and economic returns of the various scenarios considered. The study concluded with a recommendation that a combination of parts of each of the scenarios would lead to an optimal potential combining both employment and residential components through the creation of 'a Heathrow City'. This scenario would capture 90,000 jobs and 80,000 new homes and provide an attractive new destination around the retained Terminal 5 building. However the study did caution that this option was a purely theoretical amalgamation of the scenarios and would require more detailed testing to understand viability impacts.

4.102 Neither of the two main Mayoral candidates have suggested that an expanded Heathrow should be the primary provider of additional airport capacity for the South East. However, a future Mayor will need to reflect on the Government's eventual response and consider the social, economic and environmental implications of it in relation to London's overall future growth. It is understood that regardless of the eventual decision, there are proposals emerging from a consortium of authorities and other stakeholders within and beyond west London which appear to develop on the 'growth corridor' concept and entail potential local Green Belt reviews. The evolution of these proposals will have to take account of government's decision on future airport capacity and current Mayor's emerging proposals for a "City in the West" to complement existing proposals for a "City in the East".

Recommendation 27

Strategic expansion of airport capacity is clearly a major urbanisation issue for London and potentially for parts of the wider city region. However, until Government's response to the Davies review is known (and the Mayor's response to government), the Commission is unable to advise on how new airport capacity will bear on the geographical structures necessary to accommodate London's growth.

3 Partnership working to realise the potential of the wider metropolitan region

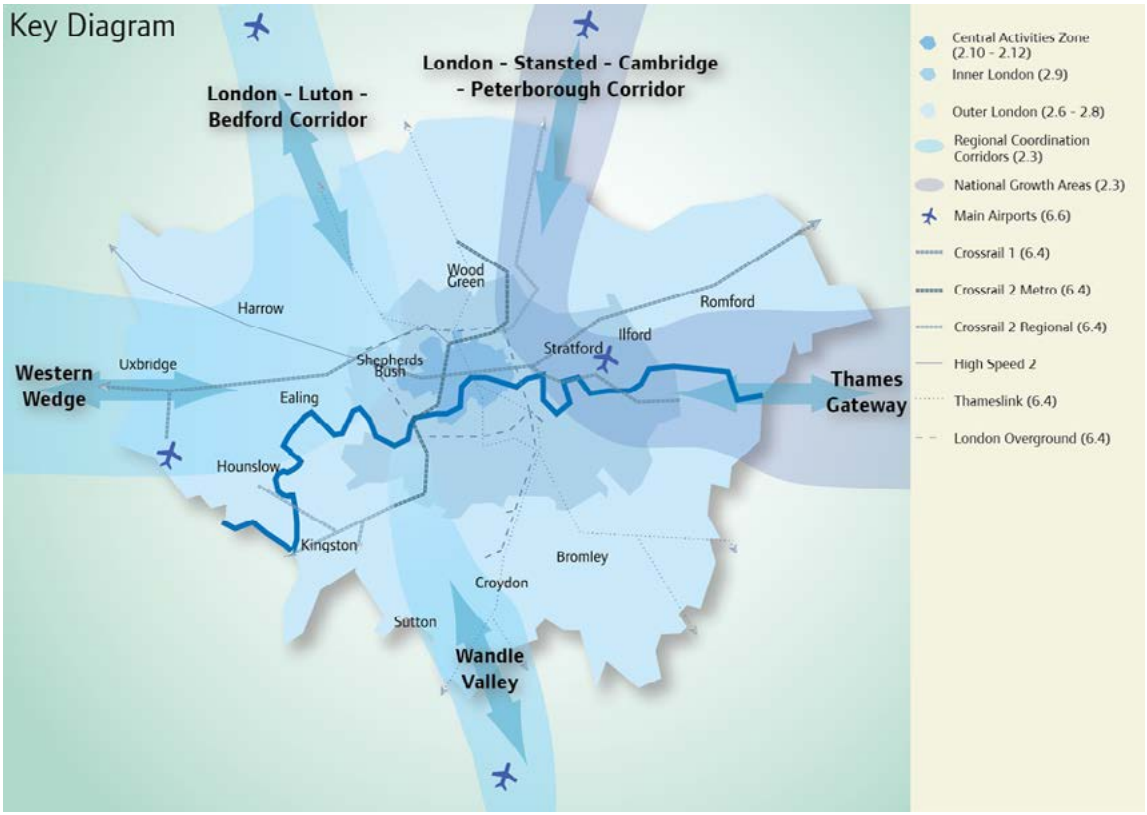
3a: Growth Corridors

4.103 In addition to the various options for accommodating London's growth outlined above, it is important that the Mayor continues discussions with partners outside London about the implementation and delivery of Growth/Coordination Corridors which link development and infrastructure investment, particularly public transport, at a more regional scale. The Commission's fifth report highlighted the importance of the interlinkages and interdependency between sub-regions within both London and the Rest of the South East, and emphasised the mutual benefit in providing arrangements to coordinate strategic actions across the wider region.

4.104 As previously discussed, the concept of the "compact city" has been part of the underlying philosophy of the London Plan and has tended to be viewed in simple geographical terms as London seeking to 'consume its own smoke' within its boundaries. However, the Commission believes that this concept needs to be expanded to include the notion of the "efficiency of distance". It is on this basis that the Growth Corridor could evolve for the future to provide part of the framework to guide sustainable development in the wider metropolitan area.

4.105 Figure 43 is a simplified version of the Key Diagram in the London Plan. It sets out a number of existing Growth/Coordination Corridors, two of national importance, the Thames Gateway corridor, and the London- Stansted-Cambridge-Peterborough corridor and three of regional importance; London- Luton-Bedford; Wandsworth-Croydon-Crawley (Wandle Valley) and the Thames Valley/Western Wedge

Figure 43: Key Diagram, London Plan



London Plan 2015

4.106 Articulation and implementation of these corridors has varied. The London-Stansted-Cambridge corridor is the most advanced. The West Anglia Taskforce was announced by the Mayor and Chancellor in February 2015 to look at improving connections to Stansted and Cambridge from Liverpool Street and Stratford with findings expected by mid 2016. Currently, services on the West Anglia Main Line (WAML) are constrained between Coppermill Junction (just

South of Tottenham Hale) and Broxbourne Junction in Hertfordshire because this section of line consists of only two tracks. Introducing a further two tracks ('four-tracking') could deliver an additional four trains per hour to some stops, increasing capacity on some parts of the corridor by 50 per cent and taking up to seven minutes off journey times from Cambridge to London, as well as improving the resilience and reliability of the route. This will help to open up the potential for the delivery of thousands of new homes and jobs, as well as support aspirations for the corridor to become a focus for technology and bioscience-led economic growth in the "golden triangle" of London, Cambridge and Oxford. It will also enable Stansted Airport to grow to its planned capacity, further stimulating investment and development within both London and this sub region, as well as paving the way for Crossrail 2.

4.107 The Thames Gateway corridor is also gaining momentum with the publication of the Mayor's City in the East masterplan which details how major development will be delivered mainly in the Opportunity Areas stretching from London Bridge to the Isle of Dogs and Greenwich Peninsula, and through to Ilford in Essex and Dartford in Kent. It is anticipated that projects within these Opportunities Areas will deliver more than 200,000 homes and 250,000 jobs. A significant driver for this is investment in transport infrastructure through Crossrail and the London Growth Fund, which is designed to target transport improvements in areas where there is potential to unlock a significant number of new homes and jobs. Particular projects include an overground extension to Barking Riverside and the longer term potential to deliver a new station and to place the A13 in a tunnel.

4.108 In April 2015, the Ebbsfleet Development Corporation was established with a remit to co-ordinate investment and accelerate the delivery of up to 15,000 homes in Ebbsfleet. The Government committed up to £200 M of public investment for Ebbsfleet infrastructure. This in turn will help unlock development capacity and private investment in the corridor between Abbey Wood to Gravesend via Ebbsfleet. Through the extension of Crossrail 1 from Abbey Wood, TfL and Network Rail are exploring the potential to increase the capacity and connectivity of the corridor. A partnership comprising TfL, the GLA, the London Borough of Bexley, Ebbsfleet Development Corporation, Kent County Council and the Thames Gateway Kent Partnership is now looking at scope to unlock further potential for over 19,000 jobs and 26,000 homes in Bexley in London and over 25,200 homes within the corridor in Kent.

4.109 The High Speed 2 (HS2) project is a planned railway that will link London Euston to Birmingham as a first phase (by 2026), and to Manchester and Leeds as a second phase (by 2033). The project is supported by Government and is being developed by HS2 Ltd. The recent Spending Review confirmed a funding envelope of £55.7 billion to build the new railway. Old Oak Common in west London is the point where HS2 will meet Crossrail. A major new station will be constructed at Old Oak Common by 2026 which will be the size of Waterloo, handling 250,000

passengers a day. Two new London Overground stations are also planned and will significantly improve transport links in this area, helping support local growth. The Old Oak and Park Royal Development Corporation was created by the Mayor of London in April 2015 and is responsible for regenerating 950 hectares in the local area. Plans are in place for the construction of 24,000 homes and the creation of 55,000 jobs, over a 30 year time period. Together with Crossrail which will serve many communities in West London and beyond to Reading, there are major opportunities for further development in the Western Corridor.

4.110 The introduction of HS2 will also enable additional local and regional services to operate on the West Coast Mainline, and after Phase 2 of HS2 on the Midland Mainline and East Coast Mainline. This is because the fast intercity services that used to operate on these lines will then be operating on the new HS2 line. This "released capacity" on existing mainlines between London and The Midlands/ North could help support additional development in areas such as Hertfordshire, Milton Keynes, Bedfordshire and Peterborough in the long term.

4.111 Crossrail 2 is another transport project that could enable new growth corridors. As with Crossrail 1, it is a new rail line which would connect the National Rail networks in Surrey and Hertfordshire via new tunnels and stations between Wimbledon, Tottenham Hale and New Southgate, linking in with London underground, London Overground, Crossrail 1, national and international rail services. It is planned to add significant capacity to the regional rail network and cut journey times across the South East. It will also support economic regeneration by providing the infrastructure needed to unlock around 200,000 new homes and create 200,000 new jobs. A Growth Commission, supported by TfL and the GLA, is currently looking at the details of the quantum of additional growth which will be unlocked.

4.112 It is understood there are also preliminary discussions with authorities in East Anglia around the 'Norwich 90/Ipswich 60' project (named for the time it could take to reach London), and with those in south Essex around improvements to C2C (Southend- Fenchurch Street).. As the examples above show much of the potential for unlocking growth is related to significant strategic transport infrastructure provision - a concept which was discussed in depth in the OLC's previous report on regional co-operation.

4.113 There was a strong positive response at both the sub regional meetings and in submissions to the Commission about supporting growth corridors. A particular point was raised in relation to labour mobility in terms of opportunities to go 'up and down' corridors rather than being London-centric and the need to take a holistic, integrated approach to thinking about housing, employment and transport[213].

[213] OLC Sub Regional meeting - Enfield 15th July 2015

4.114 The Commission also heard of the potential to return to the historic concept of 'worker's fares' as a means of unlocking growth along public transport corridors and allowing families on lower incomes to access more affordable homes further out of London whilst still being able to access employment opportunities within the capital.. This could be supported by TfL extending its responsibilities for over-ground rail, including beyond London; changes to rail service franchises and extension of integrated ticketing/fare structures/Oyster Card. The Mayor is recommended to explore this concept further including implications for extending or transferring housing subsidy from 'bricks and mortar' and/or 'the individual' to transport.

4.115 A specific view expressed strongly by many was that if there are to be tangible delivery outcomes from Corridor based investment/development projects, they must be progressed through 'willing partnerships' rather than being imposed 'from above'.[214]. This point was emphasised in LB Croydon's submission which noted that recognition of a Corridor in a Local Plan is only meaningful if it can help to drive the flow of infrastructure investment. In their case, for the 'Gatwick Diamond', there have been major delays in investment in the Brighton Mainline, and discussions are still ongoing to secure it from Network Rail. There is substantial potential for growth which is not being unlocked as it is not sufficiently recognised by key funders and agencies. This point was also highlighted at the sub regional meetings, where it was noted that the prospect of unlocking growth can change 'conversations' with funding bodies like the Treasury and these in turn may open up other funding streams[215]. 'Devolution' dialogues with central government can prove an important vehicle for this.

Recommendation 28

The Commission considers that realising opportunities in Corridors within and beyond London should be part of a balanced and sustainable approach to accommodating pressures for growth which affect the wider metropolitan region as well as London itself.

This could be addressed through the new inter-regional working arrangements on which the Commission has already advised. The new arrangements are designed, inter alia, to support 'willing partnerships' to coordinate infrastructure investment, particularly public transport – both existing and new - necessary to accommodate growth and to inform the development of the new London Plan. Matters which might be considered include the disposition, character and function of the Growth and Coordination Corridors already identified in the Plan; the need for further Corridors; the need to identify any other strategic geographical features, which could support the sustainable development of the wider city region, and the Mayor's role and influence in improving and extending the regional transport network eg through rail franchising and fares structures.

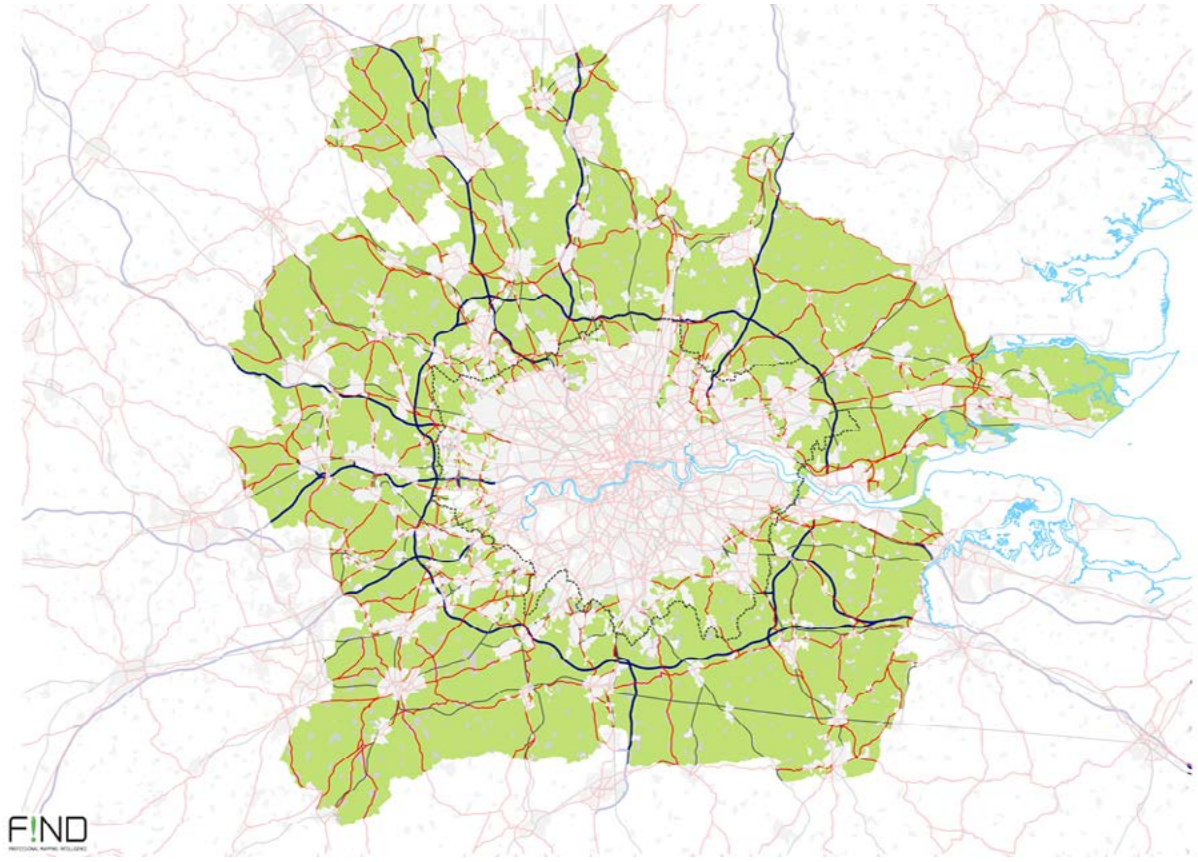
For the longer term, the new arrangements could provide a platform to discuss whether a broader regional 'narrative' would add value in coordinating strategic measures to accommodate pressures for growth in the most sustainable way.

3b: Working with partners on the selective release of the metropolitan Green Belt outside London

4.116 The Commission has already commended on the potential of a strategic Green Belt review within London and notes that sensitivities over Green Belt release apply as strongly beyond London as they do within. However the Commission notes that while some concerns are simply oppositional others are more nuanced with some commentators now calling for a broader approach to reviewing the Green Belt, rather than an incremental/piecemeal approach of removing specific parcels of land[216]. Clearly, the Mayor's position in releasing Green Belt land outside the GLA boundary is only possible through work with 'willing partners'; however the Commission believes that the same approach as suggested for London can apply outside in the Wider South East.

4.117 Figure 44 shows the extent of the 516,000 ha Metropolitan Green Belt around London covering 68 Districts and Boroughs, as well as the other Belts around some freestanding cities and towns.

Figure 44: Wider South East Green Belt



4.118 There are already a number of Green Belt reviews are taking place, some immediately beyond London for example in Elmbridge, Broxbourne, Uttlesford and

[216] OLC Sub Regional Meeting Ealing – 21st July 2015

East Hertfordshire[217]. , The Commission suggests that for the future the Mayor work with authorities outside London to help coordinate a cross border review in relevant parts of the Wider South East, for example along Growth Corridors.

4.119 It is understood that there are also a number of interested consultancies and academics examining how a strategic review of the Green Belt across the wider south east might work, including GL Hearn London School of Economics, and Arups. The Commission would urge the Mayor to work with interested parties to understand the benefits of different approaches.

4.120 One suggestion made by some stakeholders centred on the concept of 'land swaps' whereby the Mayor and London Boroughs, in partnership with authorities in the Rest of the South East, should consider the potential of relocating some types of industrial use to, possibly including parts of the Green Belt within or outside London, which would then allow the redevelopment of those industrial estates for housing within London. It is recognised that this might only be appropriate for some types of industrial activity, and that its implications require further exploration, not least in terms of traffic generation and in light of the results of the GLA's industrial land demand study. This will test the extent to which London can continue to 'lose' industrial capacity without compromising its overall economic functions and productivity, and how far new industrial locations/ capacity eg in Growth/Coordination Corridors can compensate for this loss (see 2f and 3c of this report for more details).

Recommendation 29

The Commission endorses the view that the Mayor should work with willing partners to explore the most effective ways of providing essential strategic inputs to Green Belt reviews beyond as well as within London. Given the strictures of the NPPF this may entail the development of a mutually useful strategic methodology/principles to help coordinate local reviews eg by taking account of Growth/Coordination Corridors and strategic infrastructure investment.

[217] Sub Regional Meeting – Ealing 15th July 2015

3c: Relocation of Industrial and Commercial uses to the Wider South East

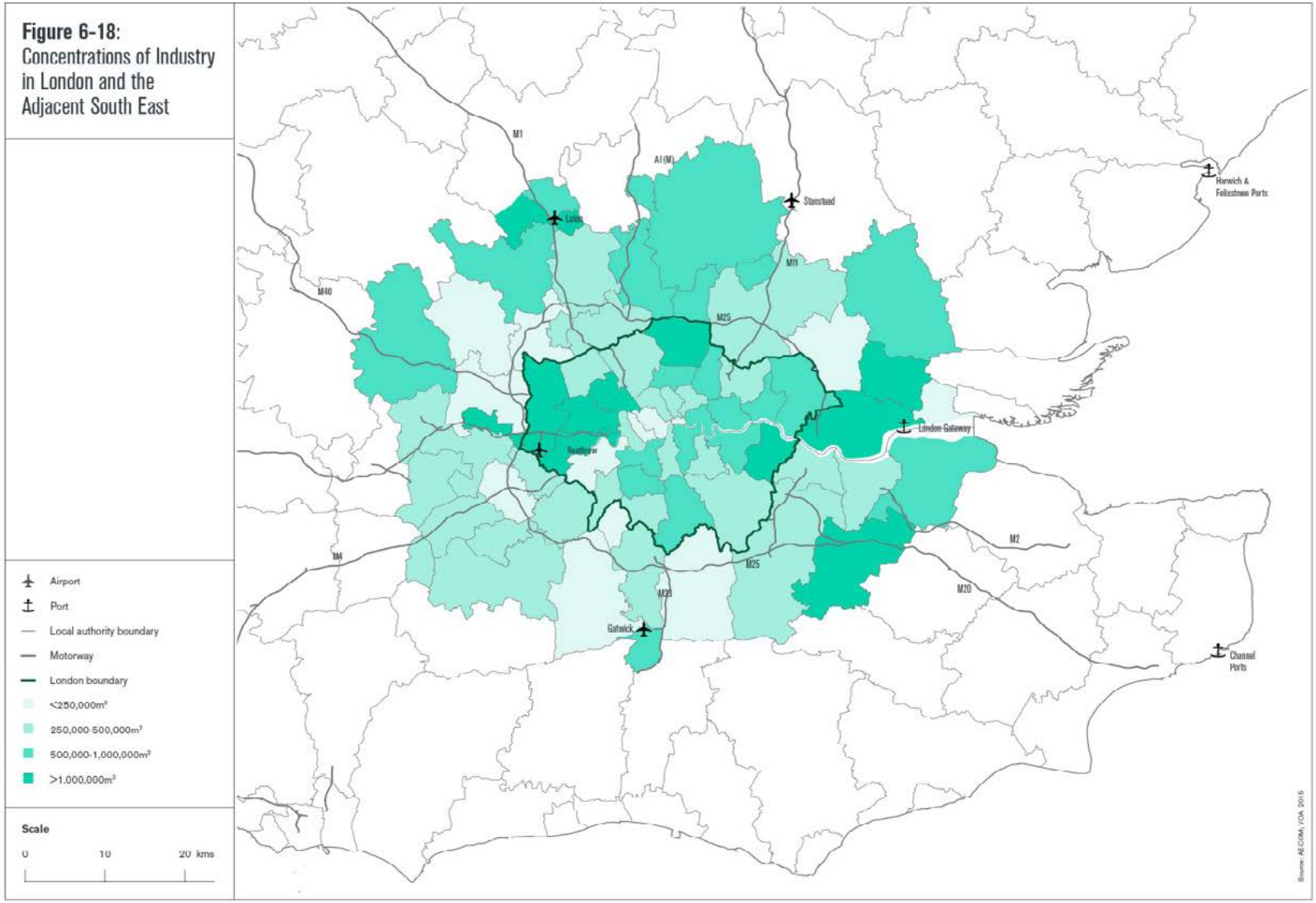
4.121 As discussed above, there may be scope to relocate businesses and commercial uses on industrial land within London to the Wider SE, possibly including Green Belt as part ofland swaps. The basis for this is discussed under 2f relocation of business and commercial activity within London.

4.122 Figure 45 suggests that some industrial market areas cross London's administrative boundaries, which in turn begs the question as to whether services could be provided competitively from more remote locations[218]. This would have to take account of the opportunity/environmental costs of an increase in 'white van' and other traffic associated with relocation. At a more general level research should explore whether new housing providing homes for 'higher value added workers' (working largely in central London) might in fact be a more productive use of the land for London as a whole rather than industry or offices. Conversely, account should also be taken of the consequences of loss of industrial and office based employment opportunities for local economies.

4.123 A similar approach might be taken in the proposed consumer expenditure and retail need assessment to requirements for out of centre retail and leisure uses). It is already taken into account in London Plan policy for town centre redevelopment.

[218] GLA Economics: Spatial Nature of London 2015

Figure 45: Concentration of Industry in London and the adjacent South East



Source: GLA Industrial Baseline Study 2015

Figure 46: Type of Industrial Release

Type of release	Potential industrial land release (hectares)	Cumulative (hectares)
Planning approvals	189	189
Opportunity Area Planning Frameworks	363	552
Local Plan Policies (Pre-submission)	75	627
Local Plan Policies (Issues and options stage)	81	708
Housing Zone sites	126	834
Total	**834**	

GLA Industrial Baseline Study 2015

Recommendation 30

As indicated in Recommendation 7, the Commission shares the Mayor's concern to ensure that London has an adequate stock of affordable business space protected through the London Plan's industrial land policy while also recognising that genuinely surplus space must not be fossilised by the planning system when there are other pressing land use requirements, not least housing. It therefore advises the Mayor to explore the:

broader economic implications of the relocation of industrial and commercial uses to other parts of London or beyond its boundaries giving special regard to additional business and environmental costs, including implications for transport movement and the capacity for such relocation;

quantum of housing capacity which might become available in these areas as a result of the relocation of industrial and commercial uses; and

the contributions this housing might make to London's overall output and productivity relative to that which would be made if the land remained in industrial use

3d: Beyond London – intensification/extensions to existing settlements and development of new settlements beyond London

4.124 The Commission has explored the potential for different sources of capacity to be brought forward within London to make a step change in provision to meet the capital's needs. Until the GLA has undertaken more detailed modelling work and produced an updated SHLAA to assess the feasibility of these options

the Commission feel it is prudent to also consider how need could be met in appropriate locations elsewhere in the wider metropolitan area.

4.125 The Growth/Coordination Corridors and associated partnerships described above are , part of this process. There are also other options which may or may not fall within the Corridors but which may help to meet the housing needs of the wider region.

4.126 As one of its scenarios for growth, the 2050 Infrastructure Plan explored the potential for intensification of existing settlements outside London, particularly focusing on towns in the South East with good access to London. Whilst many local authorities in the Rest of the South East are expected to deliver substantial new housing development, there are some areas which have static or declining economies and/or populations.. For example, in combination East Sussex, Kent and Medway have an economic profile similar to the North East region in terms of population and GVA. They have also experienced the effects of declining manufacturing/industry, are relatively dependent on the public sector and have high levels of deprivation[219]. Within some of these areas, residential density is low, even near public transport or within established centres.

4.127 The 2050 Infrastructure Plan explored the potential of the densification of existing settlements outside London, particularly focusing on coastal towns in the South East as one of its scenarios for growth. Whilst many local authorities in the Rest of the South East are expected to deliver substantial new housing development, there are some parts of the South East which are experiencing population decline as a result of economic difficulties. The combined local authorities of East Sussex, Kent and Medway have an economic profile almost identical to the North East region in terms of population and GVA. Similarly, these locations have suffered the effects of declining manufacturing/industry, have a reliance on the public sector and high levels of deprivation[220]. Within some of these areas, residential density is low, even near public transport or within established centres.

4.128 The 2050 infrastructure plan identified locations with low current population densities (between 15 and 70 dwellings per hectare) and with high levels of deprivation (within the 25 per cent most deprived). It discounted areas which may be developed under existing policy or that were thought to be too far from London to enable a substantial increase in commuting (i.e. Norfolk, Suffolk, Oxfordshire and South Hampshire). In order to estimate potential capacity, it was assumed that housing densities for those locations would be increased to 100 dwellings per hectare, which is in line with the 'suburban setting and good public transport' or 'urban setting with moderate public transport' in the London Plan density matrix. This suggested potential for about a 1 million increase in the population in the region surrounding London.

[219] Mayor of London (2015), London Infrastructure Plan 2050: Transport Supporting Paper, 2015

[220] Mayor of London (2015), London Infrastructure Plan 2050: Transport Supporting Paper, 2015

4.129 The 2050 Infrastructure Plan focused intensification in these types of location on the more deprived areas. This was on the assumption that it would improve housing choice for a range of tenures and by improving rail connections to these locations would support regeneration as it does in parts of London because commuters would generate local demand for services and local employment (in London the multiplier is 170 local jobs for every 1000 new residents). The Commission (and the 2050 Infrastructure Plan) stress that this is only an illustrative scenario, not a prescriptive recommendation; its potential capacity to accommodate such a level of growth must, in particular, be viewed with some scepticism. It should be tested further, not least in the context of other measures which will also be required to support local regeneration, and the scope for local ownership of such an approach.

New Settlements and Urban Extensions

4.130 The Commission also received evidence on how new settlements and urban extensions beyond London might accommodate growth. . These can take a variety of forms, from entire villages, new towns or cities, to substantial urban extensions closely linked with an existing settlement.. What connects these different approaches is the scale of delivery and strategic planning that incorporates a range of infrastructure and enables the creation of distinct places. The exact size and type of each new settlement will depend on the local context, including connectivity, demography, economy and location.

4.131 The delivery of new settlements has come about in a number of ways over the last 150 years. In the late 19th and early 20th centuries wealthy and philanthropic industrialists sought to provide decent housing and local facilities for their workers, which became known as Model Villages: the most famous being Bournville in the West Midlands, built by George Cadbury, New Earswick in North Yorkshire built by Joseph Rowntree[221] Saltaire by Titus Salt and Port Sunlight by William Lever.

4.132 At the end of the 1800s, in response to the social and environmental challenges of industrialisation, Ebenezer Howard published a blueprint for a new type of settlement called the Garden City, which was designed to combine "the advantages of the most energetic and active town life, with all the beauty and delight of the country"222. Garden Cities were designed to be walkable, with workplaces in close proximity to residential areas, to reduce the need for commuting. They were also to be built at low density with large amounts of green space, both private gardens and public parks.

[221] Joseph Rowntree Housing Trust (2008) The Garden Village of New Earswick. York: Joseph Rowntree Housing Trust. Retrieved from www.jrht.org.uk/sites/files/jrht/uploads/10/10/NewEarswickleaflet.pdf

[222] Howard, E. (1902) Garden Cities of To-morrow: A peaceful path to real reform. London: Swan Sonnenschein and Co Ltd.

4.133 Following the Second World War, the 1946 New Towns Act led to the most significant development of new settlements ever seen in the UK. New Towns were built in three waves: the first was intended to alleviate the housing shortages that had arisen by the end of the Second World War. Those were built primarily around London and followed Abercrombie's County of London Plan, which called for, among other things, greater green space within London and reduced suburban sprawl, constrained by the Green Belt. The second wave – built between 1961 and 1970 – had a wider geographic scope; aimed to improve the economic health of the regions; and were largely in the West Midlands and Merseyside. The third included Warrington, Telford and Central Lancashire 223. 32 New Towns were delivered in total, which today house around 2.8 million people224. Since the 1970s, no new towns have been created.

4.134 In the late 2000s concerns over the sustainability of new development led to a renewed interest in new settlements and the Government announced a competition to build up to10 "eco towns". They were intended to achieve exemplary standards of sustainability.Initially over fifty eco-town bids were suggested, although many of them were modified versions of existing housing scheme proposals. The Government even prepared a Planning Policy Statement which described the standards that eco-towns would have to meet[225]. However, by 2012, only four sites had been approved, with none completed so far. The most advanced is North West Bicester, with a first 'Exemplar' phase for 6,000 homes programmed for completion in 2017[226].

4.135 Recently, the Government has again indicated renewed support for the development of new settlements through its recent consultation on the NPPF, emphasising that local authorities should proactively work with developers to bring forward these types of proposals such as North Essex Garden Villages and Brentwood[227]. The Policy Exchange, BSHF and some of the Wolfson Finalists suggest how these proposals might come forward. They suggest that a variety of sizes of settlements are needed in order to meet local needs and that while a few large scale settlements might seem like a simple answer to solving the housing crisis, in fact it is much more challenging to deliver in this way[228]. It is perhaps telling that the winning design for the Wolfson prize was for an urban extension rather than a standalone settlement.

[223] British Social and Housing Federation (2013) Creating the Conditions for New Settlements in England.

[224] Lord Matthew Taylor (Edited by Christopher Walker) (2015) Garden Villages: Empowering Localism to solve the housing crisis, The Policy Exchange

[225] Department for Communities and Local Government.(2009) PPS1: Eco Towns a Supplement to PPS1

[226] http://nwbicester.co.uk/2014/01/construction-begins-on-the-uks-first-eco-town/

[227] National Planning Policy Frameowrk Consultation January 2016

[228] Lord Matthew Taylor (Edited by Christopher Walker) (2015) Garden Villages: Empowering Localism to solve the housing crisis, The Policy Exchange

4.136 Housing delivery is slow in any single community - realistically no more than 2,500-3,000 units could be delivered a year at peak delivery for the building of a large settlement[229]. The large scale social and physical infrastructure required (e.g. large scale shopping, district heating etc) would also be unviable for many years. As much of this infrastructure would need to be provided, before many, if any, homes are delivered; this requires a substantial upfront cost to be incurred at considerable risk[230]. The Policy Exchange stresses that it is much easier and financially viable for smaller settlements or urban extensions to be developed that are functionally linked to existing settlements through good public transport links because the costs of infrastructure are generally greater than the value released by building the new homes[231]. This view is also supported by stakeholders in outer London[232].

4.137 In order to capture uplift to help fund infrastructure costs and provide affordable housing, locally led delivery agencies – a lighter touch version of the old New Towns development corporations – could be established by local authorities[233]. This is a concept that is used in London through the Mayoral Development Co-operations.

4.138 Promoters advocate new settlements functioning as identifiable communities that are to a greater or lesser degree self sustaining (a concept which may raise tensions with proposals to serve London commuters and one which was not borne out by post war new town experience). However, in that 'ideal' context, smaller settlements could include around 1,500 homes which would allow a village built around a hub of a primary school, sports hub, and local centre with household recycling facilities. It would hope to attract a café/small shops/a post office; with some live/work opportunities too, but it would clearly function in relation to nearby larger settlements for facilities like hospital healthcare, and main retail shopping [234]. Larger settlements could provide c 5,000 homes. These would support a secondary school as well as two primary schools and a small but vibrant village centre (as above), but including an employment area, recreational space and landscaped areas. Whilst it probably would not attract a full range of national retailers, this would operate more as a self-sustaining community than its smaller counterpart.

[229] Lord Matthew Taylor (Edited by Christopher Walker) (2015) Garden Villages: Empowering Localism to solve the housing crisis, The Policy Exchange

[230] http://england.shelter.org.uk/__data/assets/pdf_file/0013/1102441/Wolfson_Finalists_-_Making_Garden_Cities_Happen.pdf

[231] Lord Matthew Taylor (Edited by Christopher Walker) (2015) Garden Villages: Empowering Localism to solve the housing crisis, The Policy Exchange

[232] Ealing Submission

[233] http://england.shelter.org.uk/__data/assets/pdf_file/0013/1102441/Wolfson_Finalists_-_Making_Garden_Cities_Happen.pdf

[234] Lord Matthew Taylor (Edited by Christopher Walker) (2015) Garden Villages: Empowering Localism to solve the housing crisis, The Policy Exchange

4.139 None need to look the same, nor will a new village/town be delivered by a single developer to a uniform design. They may in time grow further, as historically successful communities have done, but they should be scaled to meet local needs, without huge infrastructure requirements. Sufficient land should therefore be acquired early on to allow for future growth as a contingency. Such a legacy has, for example, allowed Letchworth Garden City to grow and to fund some of the services it needs.

4.140 There are likely to be cases where Compulsory Purchase Orders (CPO) will be required to bring forward land for new settlements. Because agricultural land prices are typically 1/20th of those for housing land, some settlement promoters suggest that a flat rate of 150% of market value at the existing use (e.g. agricultural) value would be fair compensation for valuation purposes, rather than the market value prescribed under the present New Towns Act, or the very substantially uplifted land values associated with sequential development. The same 150% would be offered to existing householders in an affected area enabling them to buy a significantly better home elsewhere if they wished or significant cash in hand; this would help to reduce local opposition. It may also encourage large landowners (e.g. farmers) to come forward and promote their land to the local authority for a new community.

4.141 The Commission is generally supportive of the concept of new settlements. However it is clear that new settlements will require strong leadership from local authorities. Some commentators believe the failure to implement new settlements since the 1970s stems partly from them being perceived as being imposed centrally, as there is little desire for a Secretary of State to impose a new settlement on a local community. The 2011 Localism Act may help to address these concerns - it aims to empower local people to exercise greater control over their communities as opposed to top-down intervention[235].

Recommendation 31

The Commission recognises the potential for intensification or extension of existing settlements beyond, and with good connections to, London, especially those in need of regeneration. It also acknowledges that new, well connected, freestanding settlements can contribute to meeting local and metropolitan housing needs.

It recommends that the Mayor work with partners beyond London to consider their potential contribution as part of new or existing growth corridors, including securing the provision of supporting strategic infrastructure where appropriate.

[235] Department for Communities and Local Government (2011) A Plain English Guide to the Localism Act. London: The Stationery Office. Retrieved from www.gov.uk/government/uploads/system/uploads/attachment_data/file/5959/1896534.pdf

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APPENDICES

APPENDIX 1 THE COMMISSION MEMBERSHIP

William McKee, CBE, Chair of Outer London Commission

Corinne Swain, Arup

Ian Gordon, London School of Economics

Peter Eversden, London Forum of Amenity & Civic Societies

Tony Pidgley, The Berkeley Group Holdings plc

Lucinda Turner, Transport for London

Colin Stanbridge, London Chamber of Commerce & Industry

Simon Keal, London Councils

Teresa O'Neill, Mayoral Adviser on Outer London and Leader LB Bexley

Stephen Alambritis, Leader London Borough of Merton

Chris Robbins, Leader London Borough of Waltham Forest

Stephen Carr, Leader London Borough of Bromley

Sue Wilcox, Quod

Alistair Parker, Cushman and Wakefield

Keith Mitchell, Peter Brett Associates

APPENDIX 2 MEETING DATES

Wed 15 July 9am–12pm
Civic Centre, Enfield Council, Silver Street Enfield EN1 3XA

Tues 21 July 2015 9am – 12pm
Ealing Town Hall, New Broadway W5 2BY

Wed 22 July 2015 2pm–5pm
Croydon Town Hall, Chamber, Katharine Street, Croydon CR9 1ET

Wed 29 July 2pm–5pm
Bexley Council Chamber, Civic Offices, 2 Watling Street, Bexleyheath, Kent DA6 7AT

APPENDIX 3 QUESTIONS

Accommodating London's Growth

G1 How important is it to maintain a balance between housing and employment in a growing post-industrial city? What do you think the right balance is?

G2 If London continues to expand the housing pipeline/ allocations, will that distort the balance between housing and employment? What significant effects might that have within different parts of outer London?

G3 What type of workspace/ employment land will be required in the future relative to trends in the existing stock? Does this require a policy approach which extends beyond London?

G4 In the context of meeting London's growth, what contribution should the following mechanisms make to helping to meet the challenge of delivering increased levels of housing?

- Increasing outer London densities, particularly through suburban renewal
- More housing at higher densities in town centres and Opportunity Areas/ Intensification Areas with good public transport
- Greater cumulative contribution of small scale sites, such as infill
- Selective release of London's greenbelt around public transport nodes for housing (or consolidation of employment)
- Densification of built up areas beyond London (new towns; garden cities, suburban extensions)

G5 For each, where might there be particular opportunities, how could this be supported and what / where are the specific challenges and constraints (eg what impact might this have on character and context; land values; balance between housing and employment; access to particular types / lower cost employment space, infrastructure requirement, etc).

G6 Would it be worth considering growth 'corridors' (eg as with LSCC and linked to existing / potential public transport) in terms of enabling an integrated housing / employment / cross-boundary strategy…and if so, which corridors could be a focus (eg associated with CR2, HS1, HS2, CR1 extensions, C2C improvement, Gatwick)?

G7 How can we maximise the benefits of growth regionally, sub-regionally and locally; and mitigate concerns? (eg provision of supporting social and community infrastructure; greater focus on place-making; re-provision in the new development of social housing)

G8 Does the London Plan density matrix need to be reviewed (eg PTAL splits, characterisation,

the ranges themselves), or is it better to keep it as a benchmark and use it to bargain for higher quality / more social infrastructure / more affordable housing?

G9 Have you any suggestions for new Opportunity/Intensification Areas; or medium sized town centres suitable for higher density, housing led renewal/ redevelopment?


OUTER LONDON
COMMISSION