



JUST SOME OF THE OPINION FORMERS IN THIS ISSUE

# PLANNING<sup>in</sup> LONDON

Journal of the London Planning & Development Forum

## Yearbook 2013

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Leaders: London has a golden opportunity to thrive	3
Opinions: top pundits point up the issues for 2013	6
Keynote interview: Daniel Moylan; fearless aviator	12
2013 Preview: housing, CIL, town centres	16
Planning: the issues, the appeals	33
Borough profiles: policies, people, opportunities	35
Briefing: performance stat's, London First and Orbirail	69
Terry Farrell: London's preference for the incremental	80

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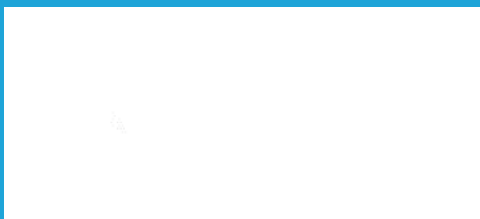
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10 Hammersmith Grove: 110,000 sq ft of prime new office space, open for business in 2013



# Keeping up with the Victorians

The biggest surprise for London plan-makers last year was the revelation of the 2011 Census, that London's population has risen to 8.2million. Now at its highest level since the late 1930s, it is growing at more than twice the previously predicted rate. The biggest surprise this year (so far) has been the Government's announcement that 25 per cent of the money raised by Community Infrastructure Levy should be passed to Neighbourhood Forums – to encourage them to accept more housing. Are these two things connected? Does the Mayor occasionally make us laugh?

The idea that cities are eco-systems, where decisions that affect them are based on rational analysis of issues, assimilating sociological and economic factors, is the basis of planning in Britain. Unfortunately, the figures and the analyses used in relation to London have turned out to be outdated and wrong. Worse, they appear to have been massaged in some boroughs, so that tricky political decisions about where housing needs to go have been taken on a false basis.

London planning has not been working properly and Generation Rent is the result. The Mayor's housing target has been increased to 32,000 homes a year – but we need more like 50,000. Problems with delivery mechanisms are on the agenda (see Barriers to Delivery page 16) and a One Stop Mayoral Shop is being considered.

The most serious shortages concern development and mortgage finance and thus the restricted ability of the market to absorb built homes; the number of sites in the hands of owners who can't or won't build does not help. Daft levels of taxes and levies on housing development have exacerbated the problem.

London's office market provides a lesson which those responsible for housing policy should learn. The development of Canary Wharf has resulted in stable office rents for 30 years because supply has been sufficient – a boon for business. By contrast, nowhere near enough family homes (in particular) have been built over the same period. Boroughs need to wake up! The Mayor needs to 'saddle up' and tackle the problem. Lack of appropriate housing is a sure-fire way to undermine the capital's economy.

Crossrail may be finally on its way and Battersea Power Station will be getting a welcome new tube station, but then London is on a decades-long regeneration roll, with unprecedented levels of overseas investment interest. Yet it still features some of the worst levels of deprivation in the country. How can that be? It could be so much better for so many more Londoners.

Planning and economic policy – going for growth – need to be much bolder; boroughs need to modernise and rationalise. New York has five, London 33. They need to cooperate to exploit cross-border Opportunity Areas, or else hand over the land to someone who can make things happen. London is fantastic, but it could be so much more successful, so much less of a victim of its recent post-industrial past, if it were fed the same growth hormones of which the Victorians were so fond. ■

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# BUILDING THE FUTURE OF RETAIL

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Croydon Development



# At last! Offices to resi' will free up the market

We have campaigned for 20 years to allow change of use from offices to residential to ease London's housing crisis. Planning minister Nick Boles was about to announce the change as we went to press. Assuming no change to the external envelope, it means owners will be able to transform underused offices quickly since permission will not be required and Building Regulation approval is simple to obtain.

Objectors to the policy elevated minor concerns into a root-and-branch attack on the proposal, which will now make best use of property at a time of extreme housing shortage. In fact worries about small businesses being evicted could be addressed by limiting the policy to buildings of, say, more than 2,500 sq ft. The City of London's paranoia about nimbyism on the part of new residents objecting to commercial development could be dealt with through its local plan; what it is really worried about is having a significant voting population, an entirely different matter.

Government initially proved resistant to the idea, but brought it back because it is obvious it will tackle two substantial issues: the need to kick-start the economy and to tackle the housing crisis. As is too often the case, whatever the London market wants to do runs into the brick wall of planning dogma. ■

## Chocks away for a new hub

The Mayor's effective and successful campaign to force new runways in the south east onto the political agenda against the Coalition's manifestos is being frustrated by the extended timetable given to the enquiry by Sir Howard Davies, which is to:

- examine the scale and timing of any requirement for additional capacity to maintain the UK's position as Europe's most important aviation hub;
- identify and evaluate how any need for additional capacity should be met in the short-, medium- and long-term.

The significance the Mayor places on the issue is reflected in the role given to his former deputy at Transport for London, Daniel Moylan (see page 12) and the £3m found to research the impact on London of proposals for expanding hub capacity. Meanwhile he urges options be brought forward without wanting to favour any one in particular.

Despite this wish he is clear that new capacity should benefit east London – though it would then be outside his patch – and he considers Stansted to meet this criterion as much as one of the estuarial projects being floated.

This decision is too important for London to be pushed some way beyond the next election, and then be followed by a whole period of consultations. Big business agrees but is tempted to go for a poor short term fix at Heathrow in its rush. The Davies Commission timetable should be curtailed and a cross-party commitment negotiated to implement its recommendations without further delay. ■

## Planning in London in 2013 will be challenging thinks Mike Hussey



Sustainable economic growth should be the priority of the planning process. The planning system must deliver investment and jobs to ensure that London maintains its role as the Global City.

Political, economic and social challenges are set against a backdrop of a unique heritage and architecture and a changing requirement for physical space to live and work in.

The specific challenges that will continue to impact upon growth throughout 2013 and beyond include:

- Increasing demand for commercial and residential space in London leads to growing pressure on its resources, creating design and density challenges, particularly in the Central area.
- Reducing carbon emissions is a priority and technology needs to keep pace with targets. The battle between improving energy efficiency and viability/design is the ultimate test.
- Certainty of decisions and efficiency in the process.

- Creating affordable housing in London is essential. It needs to be created so it can be easily managed, well designed, is truly affordable and does not have an unacceptable effect on other development.

- Community Infrastructure Levy. This is non-negotiable and it is vital this does not impact upon the incentive to invest and develop when individual boroughs introduce their own CIL charging schedules.

The "layering effect" is our biggest challenge. As LPAs become budget-constrained they are looking increasingly to developers to plug financial holes. If you combine the complexity of use and density issues, with the growing punitive tax on development and the extended time-frame for securing consents, there is an increasing prospect of stagnation. Some boroughs are worse than others. The Government need to focus on speed and certainty of planning decisions (negative or positive) if they are truly wedded to a growth agenda. ■

**Mike Hussey is chief executive of Almacantar**

## Architects, and planners, should quit bricking it says Sarah Gaventa



A recent exhibition "Housing London" at nla presented a vision of what it described as new London vernacular architecture - consisting of rather austere and predominantly brick flats and houses, a style that is increasingly familiar. Calling this "New London Vernacular" is a misnomer for three reasons:

this style is not new; it isn't distinctively London, as similar examples can be found across the UK; and nor is it even vernacular. The materials are more local to China or Northern England. (more surplus stock than London stock) and the designs rarely respond to the ways Londoners live. The basic premise of creating well designed and beautifully detailed brick housing is alluring, but the exhibition included many faint photocopies of Accordia and other original schemes that inspired this new aesthetic. The style has been cynically cut and pasted by lazy practices.

At its best it is quietly polite, sincere and slightly dull, like a partner your mum would approve of. At its worst it is cheap and soulless, like miniature prison blocks but with Juliette balconies instead of bars, – unforgivable in a city that contains the Brunswick Centre, Dolphin Square, Highpoint, the Bedford, Boundary and Golden Lane Estates. Surely schemes like these are London's true vernacular.

Planners should put design localism into action and if faced with approving a project that looks like it could be built anywhere, is so undistinguished that you can't recognise it without reading the title of the presentation drawing, has the whiff of something cheap and grimly institutional, then it's time to say this isn't good enough for your borough. Whether your mum would approve or not. ■

**Sarah Gaventa – Urban Design Commentator**

## How should we measure sustainability and well-being asks Matt Bell?



We need to build a lot more homes – urgently. But you can't separate this from the social question of what kind of places we want to create. We know how to assess the design quality and environmental performance but talk about the social dimensions of new development and the conversation quickly gets confused. People use words like cohesion and resilience which have limited practical value.

This is a concern because of the presumption in favour of sustainable development. If we cannot define what is meant by "sustainable development", how will the NPPF help planners make quick decisions with confidence? There are different parts of Government beavering away on ways of measuring wellbeing and sustainable. The Office for National Statistics has been charged by the PM with the former while DEFRA has responsibility for the latter. It came as no surprise in November when the Environmental Audit Select Committee pointed out there might be some overlap. Back at the coalface of localism, there are more pressing concerns. Namely, should this application get consent?

Berkeley's response has been to create a way of measuring social sustainability and test it on four developments. Residents were surveyed face to face, alongside a site assessment based on Building for Life, and the results compared with the data for comparable places. The findings showed people in new homes feel they belong; they regularly talk to their neighbours; and they plan to stay in the community. When compared against all people nationally, the residents emerged as being more likely to report feeling reasonably happy and more likely to feel safe.

The residents of high-density communities reported stronger feelings of safety and higher levels of neighbourly behaviour those in suburban and rural communities. Higher densities might positively influence feelings of trust and perceptions of safety, which would challenge assumptions at one or two committees! The point is we can bring clarity to decision-making based on the presumption in favour of sustainable development. You can measure all three pillars of sustainability. We might create better places as a result. ■

**Matt Bell is group head of external affairs, Berkeley Group**

## Planning will be the new cool in 2013 thinks Seema Manchanda



I couldn't agree more.

The planning side isn't mentioned in the article but it is clear to me that the planning of the area is behind the very heart of this new cool – and there will certainly be plenty more planning to be done this year. The Chancellor's Autumn Statement gave support to the £1bn loan to fund the Northern Line Extension to Battersea Power Station and work is progressing at full speed to take this forward.

It often seems planners are blamed for the lack of housing delivery, incessant red tape and constraints to growth. It doesn't always seem to be considered cool. So it's nice to see that Time Out has published the "A to Z of Cool in 2013" and that "B is for Battersea and Nine Elms" –

Vinci St Modwen have been confirmed as joint venture partners for the Covent Garden market site and detailed planning applications will follow this year.

So in 2013 let's all make the case for planners as we are, as a collective, concerned with a wide agenda of economic, social and environmental matters, responsible for delivery of policy to address needs of multiple stakeholders, critical players in place shaping communities and often at the heart of growth initiatives.

We are also flexible enough to respond to regular changes of national and local policy and practise – sounds pretty cool to me. ■

**Seema Manchanda is assistant director planning and environmental services, Wandsworth Borough Council**

## We need to increase airport capacity Keith Hearn reminds us



Aside from looking good, the more important point was – contrary to expectations – how well the capital functioned throughout the Games.

While discussion continues as to the benefits of the strength of London's economy at a time when the rest of the country struggles, recent evidence illustrates the fact that, on a per capita basis, London makes a greater contribution to the economy than any other area of the country.

In the face of criticism from "banker bashers", Boris has since his re-election in May consistently expressed support for London's role as a pre-eminent global centre for financial and related professional services.

Overall the London property market remains buoyant despite the threats posed by ever greater CIL requirements and, on the residential side, it is heartening to learn the availability of mortgage finance may

Whether one was lucky enough to experience the excitement of the Olympics first hand or on the TV, few would disagree that London looked its very best on the global stage – especially in the sun.

begin to ease in 2013.

Looking as I believe we should, to the medium term, the need for continuing investment in infrastructure to underpin confidence in property investment remains critical. Energy capacity and the ease with which that capacity can be delivered, remains a major challenge.

2012 saw the completion of the London Over ground orbital route and attention is now turning to the scale of the benefits and opportunities that will arise from the completion of Crossrail in four years' time.

The debate about how to provide London with a twenty first century airport has become the topic of daily comment. The Mayor has sought to push the pace by undertaking his own work alongside that of the Government's commission chaired by Howard Davies.

As I write, a Mori survey has just confirmed 73% of the UKscaptains of industry are calling for a third runway at Heathrow. It was on the same issue I concluded a similar piece for the Planning in London Yearbook twelve months ago. ■

**Keith Hearn is senior director, CBRE Planning**

## Co-operation is best for neighbourhood forums suggests Ivan Tennant



Road spring to mind. Those that see it as an opportunity to mount a campaign of "covert resistance" are unlikely to move beyond the status of local activist group.

Plan Projects is currently are working with a community group in Hackney on a neighbourhood plan for the Well Street area of the borough. I was reminded of this point in discussions within the group about the potential not so much of the plan, but of the forum itself. The model of the forum has the potential to evolve into a powerful channel by which local opinion may be represented beyond local plan making, but into other areas too.

While the scope of the plans themselves is limited essentially to

Within London, the emerging picture of neighbourhood plans coming forward is that those being taken seriously are those willing to work constructively with the development industry not to frustrate change, but to mould it to suit their needs. Bermondsey, Bloomsbury and Chatsworth

spatial issues, the forums are under no such limitation. Indeed, Peter Eversden, Chairman of the London Forum of Amenity & Civic Societies, commented at a recent planning conference that neighborhood forums across London could work together to effect improvements in civic life across the city.

As forums gather strength and become more established, they could offer a grass roots movement that, in the realm of property development, could allow people's voices to assume it's rightful position as a "civic estate" to match that of private developers and Local Planning Authorities. This would represent a major culture change in the planning system and help bring about a shift towards a longer term perspective.

But this can only happen if they are prepared to take the more mature view and engage in constructive dialogue, rather than approach potential partners with their fists up. ■

**Ivan Tennant is principal of Plan Projects  
[www.plan-projects.co.uk](http://www.plan-projects.co.uk)**

## Paul Dimoldenberg enthusiastically welcomes back the parish pump



The lesson for 2013 is that Localism can mean what you want it to mean. This has led to confusion and disappointment for many, particularly those communities that have been hoping that Localism is their way of defeating development proposals.

But for me Localism has meant the historic vote by residents of Queen's Park Ward in Westminster (which I represent) to set up the first urban parish council in London for 50 years.

A diverse set of local residents has come together to campaign, promote and organise a new tier of Government. At a time when decision making is getting more remote and complex, people need to feel that

they have some control over the forces that affect their lives. For those people who say there is no appetite for more democracy, the Queen's Park example is a salutary lesson.

There has never been a truer saying that "all politics is local" and giving people more say and responsibility for the future of their own "back yard" is the key to better and more informed decisions.

With more Neighbourhood Forums setting up across London's boroughs, 2013 could see a breakthrough for real community involvement in planning. ■

**Paul Dimoldenberg is leader of Westminster City Council's Labour Group and md of public relations company Quatro**

## Westfield will hit its triple whammy in 2013 predicts Simon Cochrane



Aerial view of Westfield's proposed extension

We are looking forward to 2013 with optimism and confidence following a challenging but ultimately successful 2012. We welcomed over 47m people to Westfield Stratford City in the project's first 12 months of trading, including 5.5m for whom we were the gateway to the Olympic Games. Across the capital at Westfield London we will hit more than 27m visitors. Between Westfield Stratford City and Westfield London we will turnover more than £1.8 billion in sales.

We will continue to strengthen both these iconic centres, with the expansion at Westfield London over the next four years to include a major new department store, several new retail entries to the UK and

around 1500 apartments.

In partnership with Hammersons, we will develop detailed proposals for a comprehensive and transformational change to the retail heart of Croydon, on a scale not seen since our Stratford City development.

We expect to receive the go-ahead for our redeveloped plans in Croydon in 2013, providing an opportunity for regeneration of another London borough on a scale similar to Statford City.

2013 will also see a concentrated focus on working collaboratively with our international offices in The United States, Australia and New Zealand. Launching centres of the scale of Westfield London and Stratford City demonstrated we are at our best when we work together as a global business to share ideas, experiences and opportunities. With major projects planned in London, Milan and New York now is the time to broaden our thinking, whether in the selection of architects and designers, the use of innovative technologies or in discussions with retailers who want to enter new markets. ■

**Simon Cochrane is director of design, UK and European Projects**

## Performance Agreements point the way say Will Lingard and Matt Humphreys



In a busy year for the capital with the Jubilee, Olympics and an avalanche of shoot-from-the-hip planning reform, Boris was re-elected. Growth in jobs and new homes was the battle

cry for Boris and Ken. Praise should also go to developers and LPA's now working in partnership through funded PPA's to get new developments delivered. Some onlookers raised eyebrows but most accepted that PPA's reflect the true cost of an effective planning service.

Boris also brought us his CIL, which sparked a rush to determine applications prior to April Fools' Day as councils realised that S.106 receipts would dwindle even further. Nobody was satisfied with the lazy drafting of the CIL regulations which have now been belatedly addressed.

After much debate in the *Daily Telegraph* the NPPF came into force. Stripping away unnecessary volumes of planning advice, its pro-development agenda creates opportunity and discretion for professionals and locals alike. However, many have questioned its true impact.

Watching the summer Olympics/Paralympics one wondered what sort of a Games would have been delivered under the traditional planning system? The LLDC MDC shoulders a huge responsibility and challenge, with the opportunity to build on Stratford's regeneration and leave a lasting legacy.

Following the continued influx of foreign investment and "flight to prime" the buoyancy of London's economy became even more distinct, underlying the importance of infrastructure investment in the capital and the continuing airport hub debate. Still no sign of Chelsea Barracks, but previously stalled tall buildings popped up, whilst one whopper opened with Gherkin-esque public approval.

Equally, breath-taking was the Emirates Airline across the Thames; if only it landed on top of a ski-slope with an affordable tartiflette and not Canning Town! We'll just have to settle for canny infrastructure investment and wait to see what happens. ■

**By Will Lingard, director (above left) and Matt Humphreys, associate director, Turley Associates**



## Implementing CIL is complicated writes Duncan Bowie



The last few months have seen considerable progress implementing CIL. Redbridge and Wandsworth are now operating it as is the Mayor. Croydon's CIL comes into operation in April and several other boroughs having put their proposals out for consultation. We are seeing a range of different approaches – a single borough-wide rate, differential rates for key areas and different rates by use. It could be argued this is localism in action. But the differential rates raise fundamental issues – not just for developers and for neighbourhoods – but also for strategic planners. Nick Boles has announced the neighbourhood proportion would be 15%, but where a neighbourhood plan was adopted the neighbourhood proportion would be increased to 25%. This has been dubbed "Boles' Buck", and as the Minister puts it, is a bribe to local residents to support new development.

Will CIL put off development in some areas more than others?

Will the Boles' Buck be sufficient to persuade NIMBYs that new development is in their interest? Will planning obligations be reined in and what will be the impact on affordable housing? Is CIL the best way of collecting private funding to support strategic infrastructure? How does a borough get its CIL levy through an Inspector and EIP and how do you demonstrate the impact on development will not be negative. Does CIL promote the growth or is it an obstacle?

The University of Westminster with Redbridge and Wandsworth are running a short course on implementing CIL – with John Pearce of Redbridge and Martin Howell of Wandsworth, and myself. The one day short course is on 1st March – book through the University's Build Up short course website: [buildup.westminster.ac.uk](http://buildup.westminster.ac.uk) or email [buildup@westminster.ac.uk](mailto:buildup@westminster.ac.uk). ■

**Duncan Bowie is senior lecturer in spatial planning, University of Westminster**

## London's cheek-by-jowl life-style needs good design says Pat Brown



London's population is growing at a faster rate than we imagined, barreling towards 10 million inhabitants by 2031. We are adding, as Tony Travers puts it, the equivalent of a London borough every four years.

Meanwhile, our lives are changing. We live longer, and frequently alone, we work in coffee bars, we cycle more and drive less, and live our varied, busy, lives on the move.

In this scenario of growth and shift, one element remains static: 1500 square kilometres of land. So as we plan and build for growth, we fill up brownfield land and demand increased density.

Chunks of London, already home to established communities, are earmarked for new homes and offices. The unspoken request is for everyone to budge up, to accommodate more souls.

The potential for good or bad outcomes in this cheek-by-jowl scenario depends on our ability to grasp the importance of design. Our future quality of life revolves more than ever around well-designed homes, streets and public spaces and buildings.

Over the past decade, London's built environment has attracted more positive attention than ever in the post war years. In urban design, good progress has been made, slowly resetting the dial towards a people-friendly city.

But we have a long way to go if we are to shape future developments and retrofit spaces into objects and places that will enhance our lives rather than detract.

Getting this right goes beyond aesthetics. It means keeping the needs of people and communities we are ultimately building for front and centre of everything we do, rather than faceless end consumers of whatever we serve up.

It is an on-going process requiring time, and a thorough grounding in a bespoke sense of place and community. That means a commitment to a long-term dialogue and investment in people and partnerships to help achieve – and sustain – the optimum balance and common ground. ■

**Pat Brown is director of Central and deputy chair of the Mayor's Design Advisory Panel**

## Small business needs more help from planning argues Angus Boag



**2013** holds a unique challenge for planning in London – how to use the regulatory framework to stimulate the economy and provide places for people to live whilst seeking to reconcile this with local views.

The debate over meeting housing demand is extensive, less prominent is the discussion over how to use planning to facilitate economic development – primarily from small and growing businesses, which form the lifeblood of the London economy and require a specific-type of purpose-built development. Cafes and networking spaces, close to transport and residential areas is essential – it is not a case of simply dividing office buildings.

Employment-led, mixed-use development brings investment, employment and vibrancy – particularly to the fringe and outer London

where such centres tend to be located. Such development is unlikely to be economically viable requiring cross-subsidy from higher value enabling uses. Achieving this requires a pragmatic approach to planning and zoning, currently preventing such cross-subsidising.

These kinds of businesses are unlikely to pre-let space so purpose built centres can take 18 months to fill and run at a 10% void to allow churn. The reprieve on Empty Rates which came at the end of 2012 is helpful, however clarification is required to establish what is covered within definitions.

With the economy continuing to plateau and an acute need for small business growth, 2013 is the year when legislation and platitudes need to become action. ■

**Angus Boag is development director, Workspace**

## Ealing has an historic feeling for film explains Harry Handelsman



One of the things that makes London such an exciting city in terms of its built environment is that it reflects the capital's history as well as its aspirations. Its buildings represent centuries of battles lost and won, loves conquered or abandoned, crushing defeats and jubilant celebrations – correlating with its citizens' fortunes, interests and pursuits.

One particular pastime which has shaped London is the public's love of the cinema from the picture palaces of the 1920s and 30s like Dalston's Rio or Notting Hill's The Electric through to the multi-plexes of today; and I'm pleased to say this passion looks set to continue. Where better to see this than in Ealing?

The home of British cinema and of the oldest working film studio in the world, Ealing Studios, is finally the place where planners are pushing Ealing's contribution to the film industry to the fore with a series of transformations.

Ealing Studios was founded in 1902 and since then has always defined the British film industry, from the first screen version of Hamlet in 1912, through to the Ealing Comedies and classics such as *The LadyKillers*, *The Lavender Hill Mob*, or *Passport To Pimlico*. Over the past 15 years, Ealing

Studios has produced five of the top 20 highest grossing British independent films in the UK including the St. Trinian's franchise, and is home to companies such as The Imaginarium a digital studio which has invented emotionally engaging characters using Performance Capture technology – like Gollum from *Lord of The Rings* and *The Hobbit*.

Manhattan Loft Corporation recently helped redevelop the studios so the existing Grade II-listed sound stages have been complemented by extensive new studio spaces and production facilities which have been designed to protect and enhance the character of the Conservation Area the studios are set in. More work is underway to further service the demands of the film community.

It makes sense in 2013, more than 100 years after the first film was made at Ealing Studios the planners there have taken inspiration from its rich history to improve Ealing's public realm for the future. In an area where the studio's listed stages and production spaces are always full and Crossrail will soon connect the Broadway to The City in 20 minutes, a new film quarter is an extremely fitting idea; so here's hoping 2013 will be the start of a new age for film in Ealing. ■

**Harry Handelsman is CEO of Manhattan Loft Corporation**

## 2012 was busy, but 2013 will be busier thinks Trevor Goode



Planning in London was very active last year, unlike the rest of the UK. Prime drivers were the Olympics which afforded the city the opportunity to showcase itself and celebrate the City's heritage and built environment coupled with the striking Olympic Park; the introduction of the NPPF; the introduction of the London Mayoral CIL which saw a record number of schemes approved in early 2012 as developers sought to beat the 31 March; the increasing attraction of the City of London as a place to invest; and an increasing sense of expectation associated with Crossrail and other infrastructure projects such as the Thames Tunnel.

Finally, following its opening on 5 July 2013 it is important to recognise the "Shard Effect" – the City's skyline has changed and there is an aspiration to go taller in London and to test the strategic views.

There has been a continued willingness on the part of the Mayor of London to take control of schemes of significant importance and override local authorities. A notable example was his approval of Exemplar's London Fruit and Wool Exchange with more to follow in 2013.

We also saw an increase in planning litigation. Opponents/objectors are resorting to the courts to defeat/delay projects and to assert/protect rights – in particular rights of light. The City of London and Westminster have been willing to use their powers under section 237 of the Town and Country Planning Act 1990 to override restrictive covenants.

One of the noticeable effects of the Localism Act has been the democratisation of planning. Councillors are now more expressive about their views and this, in turn, affords local interest groups a greater opportunity to lobby and petition. ■

**Trevor Goode is planning partner, Ashurst**

## Don't do it! John Walker argues against allowing offices to resi'



Most of the major issues for 2013 seem to be coming from the corridors of the DCLG. If the Government is serious about its proposal to allow commercial uses to be changed to residential flats without planning permission, London's place on the Global City map will get a jolt.

Budget and mid-priced hotels will not be able to compete and the risk is the loss of much needed accommodation for our visitors. Insensitively placed and badly designed flats near entertainment uses will lead to complaints about noise and a collision with the owners of clubs and bars.

There is also a risk developers will be tempted to retain mediocre buildings that should be regenerated and convert them into flats so they

don't get caught with the need to provide affordable housing and other planning requirements if they were to knock them and down rebuild.

There has been much debate over the amount of offices being converted into residential this year. Whilst there are signs of this market cooling down, the unregulated proposition being put forward by the DCLG for 2013 might do the opposite and accelerate the changeover.

The second threat to London's global position is the lack of airport capacity. We need a decision on where it is going to come from and when so we do not put off long term investors. ■

**John Walker is operational director development planning built environment at Westminster City Council**

## Hotel operators will still want more thinks David Rugg



As far as the hotel scene in London in 2012 is concerned, it is difficult to look back without mention of the “O” word.

We began the year by focusing on the positive aspects – a summer of demand-generating events. Even the doom-mongers, who predicted transport chaos and terrible weather, were proved wrong as LOCOG delivered the best ever Olympic and Paralympic Games. The capital was already well-served with hotels but that did not prevent a continuing appetite amongst investors – especially from overseas and pension funds.

Christie + Co brokered a deal which saw Indian Bharat Hotels acquire St Olave’s, the Grade II listed former grammar school on the site of One Tower Bridge, a luxury development by Berkeley’s next to Tower Bridge. This was Bharat Hotels’ first venture outside India. The group has acquired the 70-bedroom and suite development with a guide price of £15m.

Serviced apartments continued to be popular with investors. Christie

+ Co found a tenant for Howard de Walden Estate for a development at 5 Bentinck Street for eight apartments. The leasehold was bought by American hotel and serviced-apartment specialist Korman Communities.

Elsewhere, The Leinster Inn, Bayswater was acquired by Qatar First Investment Bank for £20m – considerably more than the value of the hotel. Examples like this highlight how it could take up to three years to generate optimal returns. London’s profile has benefited from the events of last summer. We must prepare for a drop in visitors in 2013. It will be interesting to see whether last year’s increase in attention actually translates into rising numbers and trading performance longer term.

The desire for new developments in and around London – particularly within the luxury and budget hotel sectors – appears not to have waned. And 2013 should see a number of developments to add to, and refresh, the capital’s hotel supply. ■

**David Rugg is chairman of Christie + Co**

## Next step – Battersea Power Station says Nick Cuff



For planning in London and particularly Wandsworth, 2013 will be a fascinating year. Will the Community Infrastructure Levy succeed where other similar taxes have failed? In Wandsworth, the borough CIL is now operational, 2013 will see many other boroughs follow suit. Will developers perceive it as an opportunity to negotiate and reduce asking prices for land or will it continue to be criticised as another cost on development. With phase 1 of the Battersea Power Station redevelopment granted in December we could finally now see diggers in the ground on what must be the most talked about residential development opportunity in

the capital. Prospects have been further enhanced by the Chancellor’s £1 billion debt facility to fund the development of a Northern Line extension into North Battersea. This will see new stops at Wandsworth Road and the power station itself. Four years ago the Nine Elms was a pipe-dream, but fast-forward to the present and 2013 could be the year when the Opportunity Area begins to be transformed with both Ballymore and St James developing and selling units off plan.

Finally, with the NPPF now firmly established will the Government be able to say that 2013 is the year of sustainable development. ■

**Nick Cuff is chair of planning at Wandsworth**

## A recipe for a legal beanfeast is how Julian Barwick sees 2013



Wonder how those Neighbourhood Plans are going? I heard tell of one community group making worthy progress with its Neighbourhood Plan. A meeting was interrupted by the arrival of a stranger to the group who made this contribution: I’m very confused. I thought I’d elected councillors to deal with these issues on my behalf. They’ve employed a group of professional officers to advise them (and us, the electorate). But now here we are, rank amateurs, preparing plans with no democratic mandate. If our plans conflict with the Council’s, I bet there isn’t a prize for guessing whose should prevail. What are we doing all this for?”

And what prospects for the CIL in 2013? Poor, if you ask me. Unless it is to be radically simplified and reduced in scope. All these varying rates, with an eye to viability smacks of taxing the Unearned Increment until the pips squeak. One developer’s subsidised rate only exists at the expense of another developer’s punitive rate and scope for argument is infinite. No wonder the planning consultants are all salivating.

The Mayor’s got the right approach – it’s a fiver a foot, across the board. At that sort of level, it is probably something that the development industry will absorb. One advantage of a low rate across the board, is that it would catch that whole raft of smaller projects that otherwise free-ride

on the major development sites. I sense there are some tidy sums to be harvested here by the London boroughs.

And last but not least, let’s get real about judicial review. I’m a great supporter of the principal – *habeas corpus*, *Magna Carta* and all that. At Shepherds Bush Market, our planning consent was granted on 31 March 2012, and the Judicial Review heard on 17 January 2013 – 42 weeks later. The Government’s proposal to halve the current 12 week period would have reduced the period up to the hearing from 42 weeks to 36 weeks. But this is still hopeless. The delay arises because the Court booking system is so inefficient. All that is needed is better diary management!

Here’s my suggestion. In the case of any application nominated by a local authority, the courts should be put on notice of a likely JR. The application will be post-resolution to grant, but the formal consent may be still to come. As soon as the consent is issued the courts will reserve time for a JR, to occur 12 weeks later. If no JR is sought the booking is cancelled six weeks prior. If there is a JR, parties have six weeks within which to seek the JR, and then a minimum of six weeks to prepare their case. In the case of Shepherds Bush Market, this would have saved 30 weeks. If Easyjet can manage a booking system, why can’t the Courts? Call for Stelios. ■

**Julian Barwick is director of Development Securities**

# The battle for London's skies

Boris has put Daniel Moylan in to bat as his aviation advisor and in 2013 the flak is going to fly over where extra airport capacity should go, writes Lee Mallett



Moylan: Hub proponent

**Lee Mallett** The Mayor responded to the Government's aviation policy launch last year and you're building up the case for the Mayor's response. What form is that taking?

**Daniel Moylan** We have over the last two years put this aviation agenda at the centre of the political debate, when nobody was really talking about it. That's a great credit to Boris. We've made published two reports on the need for a hub airport, as opposed to new runways scattered hither and yon. The result of that, in a sense, is the Davies Commission [led by Sir Howard Davies] which is partly designed to spin the whole matter out when we believe it requires urgency.

Boris has said he wants to submit evidence to the Davies Commission. There are now around 15 proposals on the table. So our first step is to reduce those to a manageable number. To do that, we'll be publishing a set of criteria we believe should be applied to any proposal to see if it stacks up.

BAA at Heathrow published their criteria six weeks ago and we thought they were a bit self-serving. We don't want people saying that about ours. We'll give a few weeks for people to comment, which we've had peer-reviewed by a group of experts. By the end of January we hope to apply those criteria to the proposals.

**LM** Who is going to apply those criteria?

**DM** We'll do that at TfL, with our independent review group. That will give us perhaps three options for detailed feasibility

studies, starting by March. In January we hope to appoint a panel of consultants who will carry out those studies. The Mayor has allocated a budget of up to £3m. That's where we are. We hope to have that work completed in the 2013.

**LM** But the object really is to extract from the long grass the idea of more interesting proposals for aviation policy?

**DM** No. The idea is to make the case that Boris has been making very clearly. First of all that if London is to remain a global trading city it needs a proper hub airport.

Secondly that we cannot have that facility at Heathrow. The site is too constrained and the environmental considerations of having up to a million people adversely affected by aircraft noise is simply indefensible, so, thirdly, it has to be somewhere else. Boris is absolutely firm on those three points.

On the question where should it be, he's more flexible. He has a strong bias in favour of a site to the east of London because he sees an enormous opportunity for the regeneration of east and south east London.

**LM** In North Kent too?

**DM** It would be totally transformative. There would be some people who would regret that. But the attitude of many opponents at the moment is to close down debate, but there is big scope for debate.

**LM** Have talked to anyone in Kent?

**DM** I've been down to Kent quite a lot. We have some business supporters there.

**LM** Perhaps it's more difficult to prove the business case for an estuary airport?

**DM** Well if you take the business case in the broader sense, which the government normally would, it would be a very defensible business case, because being in the Thames estuary you could also include a flood barrier and crossings.

Heathrow, what do you get? A runway and a sixth terminal in the wrong place.

**LM** Are you still thinking that land at Heathrow could be released?

**DM** We don't believe Heathrow needs to close and we envisage a smaller airport that could operate with perhaps one runway and one terminal and that might release a fair amount of land for commercial – not

residential – development. That's not how you would pay for the [hub] airport because Heathrow has been sold. So you'd have to think how you acquired it to reduce in size.

**LM** And what about the idea of augmenting the other major airports?

**DM** We don't believe that adding a runway here or there is an adequate solution. If Gatwick or Stansted came forward with proposals to be a four-runway hub, we would look at them very seriously. Stansted is a possibility. Gatwick we'd welcome a proposal but I don't see it as a strong contender. It's on the wrong side of London.

**LM** But the object of your efforts is really to try and bring a decision date forward from 2015.

**DM** We're very unhappy, but that's not the object of our efforts. It is also to create a case and carry the public with us on this and to fend off calls for a third runway at Heathrow which we are absolutely opposed to. One of our objectives is to persuade Government. There is a policy vacuum which is damaging to the country.

**LM** You could argue the same about Crossrail – that it had been delayed for too long. It's symptomatic of a sclerosis in decision-making?

**DM** It's worse than Crossrail because Crossrail was around for only 40 years. The idea of a new airport to the east of was put forward by the Colin Buchanan Minority Report for the Roskill Commission in the late 1960s. And does it indicate something about Britain's ability to handle large projects? When we have a sense of urgency, as with the Olympics, we can take action.

**LM** What would you describe as the urgency at the moment?

**DM** Well, what makes a world city? The key to being a world city is being part of a network – which does exist – of direct frequent connections between major cities such that, if you live in a smaller city, you go to the nearest world city and you get on that super-highway of connectivity. And when you get to your destination you get off and take another flight to a non-world city. To do that, you have to have a hub airport. The Dutch understand that. They are building their sixth



Above: Let the big train take the strain Right: Foster and Partner's estuary hub proposal



runway at Schiphol. The French and Germans understand it. The Americans understand it.

If we are to continue to attract the corporate headquarters, the direct investment, that keeps London one of the premier global cities, we've got to remain part of that connectivity and that means having a proper hub airport.

Some people say 'oh we don't need that, we can just have an extra runway' all these cities could have got it wrong. I just don't believe it. They're stealing business from us. Schiphol serves 23 British cities. If you live in Newcastle you're going to hub through Schiphol. Paris and Frankfurt are chasing the same business. If you're a foreign businessman in one of those Chinese cities, and you want to invest in London and you can only get a flight to Amsterdam then just maybe you'll stop at Amsterdam and say 'This is a fantastic airport city here, why do we have to go to the third world facilities that London is offering?'

That's just on the business side. On the leisure, visiting friends and relations (VFR) side, what opponents of an expansion in capacity are saying is they'd like to see London priced out of the aviation business, because that's the effect of not providing a substantial degree of capacity to meet demand. Prices go up. It's a market, stupid. It is the poor who are most affected by this. We have a population which is over 50% non-white. People who might only be able to afford to fly to see their birth family once every two or three years. We want don't want to see people priced out. What sort of a policy would that be for this an attractive world city. Wake up!

**LM** It's difficult because of the fragility of the coalition for it to take tough decisions.

**DM** Well the Government has taken difficult decisions. It appears to have taken a decision on HS2, on public sector pensions, tuition fees, and public expenditure cuts. It is a question of recognising an urgent priority.

**LM** Why hasn't a clear policy emerged.

**DM** Well George Osborne back in September started giving the impression in favour of a third runway at Heathrow and as a result both the minister and the secretary of state for transport were removed. They hadn't realised Conservative policy was changing. They were still defending the old one, which was not to have a third runway at Heathrow.

George Osborne is beginning to get it, but he's got the wrong solution.

**LM** Why do you think he supports a third runway at Heathrow?

**DM** Because the Treasury have told him it is cheaper and it can be delivered more quickly. Of course it's cheaper, because it's smaller, but it's not true it can be delivered more quickly. Politically it's more toxic.

**LM** It would seem to be easier to build a third runway than a hub airin the estuary.

**DM** What we're talking about is building a sixth terminal and a third runway on the wrong side of the A4. You have to knock down 600 houses. How long did it take them to build the fifth terminal? It's only a short runway, two thirds length, and then you're on the wrong side of the A4.

**LM** It was the enquiry that took so long wasn't it? Not the building of it?

**DM** The building of it took quite a few years. So it's not just the enquiry. Now the planes will be on the wrong side of the A4. Bit like the chickens, the planes won't be able to cross the road, so someone has to put the A4 in a tunnel. We'll also have to take out the airport hotels – no loss to architectural heritage. You then have no surface access to the airport. The surface access into London is already groaning. The M4/M25 junction is the busiest stretch of motorway in Britain. The Piccadilly Line is in desperate need of an upgrade. And there is no surface transport to the west. People from the west all have to arrive by road effectively. The Piccadilly

upgrade is a several billion pounds project. You're going to have to put in rail upgrades because all the extra passengers are not going to be able to come by road. This is a major project lasting years and costing billions, and the silly boys at the Treasury who think they can get it all for free because Heathrow will pay for it are wet behind the ears. They need to do a proper job and give proper advice to the chancellor. When they do that I'm sure he'll see you can build a new airport in the estuary probably as quickly and get the surface connections in and transform the country in doing so.

**LM** Is there any sign the Prime Minister is listening?

**DM** The signs are that the PM feels he's dealt with this by pushing it into the Davies Commission. Well nobody's happy with that. All the business groups are against it.

**LM** I imagine you hope when your review of all the projects comes out it will stir it up?

**DM** Were trying to demonstrate that the Davies Commission could do most of its work more quickly. And we have been assured that Davies thinks that as well.

There is another point you might like to dwell on. This is about the decision-making process. It is being conducted as if the Mayor had no more status than the Mayor of Dundee. That is something of a constitutional outrage. Two of these airports are within his territory. And the others, Gatwick, Stansted and so on, have a profound impact on London. He has statutory duties in respect of the economy, environment and transport. Yet he's being treated like a total outsider. And as a means of making policy, this seems to me bizarre. ■

*The Mayor is seeking views about aviation capacity and has published criteria to assess options:*

<https://consultations.tfl.gov.uk/aviation/criteria>

## Damned statistics...

The 2011 Census figures revealed much bigger increases in London's population than expected. Implications for development will be a big topic for 2013, predicts Lee Mallett

The "Jubilympics" threatened to all but blot out the rather suprising statistics revealed in the 2011 Census, the first tranche of statistics from which were unveiled in the summer, and a second equally revealing tranche just before Christmas.

The headline for the *Daily Mail* et al of course was that "British whites" are the minority in London for the first time as the census figures revealed the number of UK immigrants had jumped by 3 million since 2001 – the date of the last census. Just 3.7m, 44.9% of Londoners are now "White British". It is believed this is the first time that British whites have become a minority in any region of the UK. So what, Londoners will say? Surely the census results are affirmation of London's success and its resilience which is making the rest of the country so gloomy a place.

It is crystal clear, however, that the leap in London's population to 8.17m, up 12% from 2001 has pulled the rug from under the London Plan's assumptions regarding population growth to 2031 (we discuss the implications for housing in the article that follows this) and that the dramatic increase in population will pose a host of problems, as the

London Planning & Development Forum heard at its pre-Xmas quarterly meeting.

Baljit Bains, head of demography at the GLA's Intelligence Unit spoke on the subject. She said that the Unit attributed the capital's high population growth to several factors:

### A likely underestimation of the population in the 2001 census and subsequent mid-year estimates (MYE).

Any underestimate in the 2001 baseline, used by both Office for National Statistics (ONS) and the GLA, carried through into subsequent years. The extent of the undercount may prove impossible to accurately estimate.

The methodology ONS used for assigning international in-migrants between local authorities was underestimated for London as a whole.

### Underestimation of average household size by government sources.

The GLA projections are constrained to development rather than meeting either need or demand. This process makes use of household formation rates from DCLG household projections. 2011 Census data has shown

estimates based upon the DCLG rates underestimated average household size and hence population.

While the bare facts of increased numbers speak for themselves, there has been something of a game of catch-up going with changes in methodologies, notably improving the data collection on internal migration, which now, surprise, surprise, shows greater growth than had been anticipated. Another genuine surprise, however, is that London's household size is increasing, not decreasing as received wisdom would have it. This latter effect is obviously caused by more people living together as housing becomes progressively less affordable and supply reduces.

There is also an increase in higher birth rates – a 30% increase between 2002 and 2010 – economic downturn and less outmigration – all of which swell household sizes.

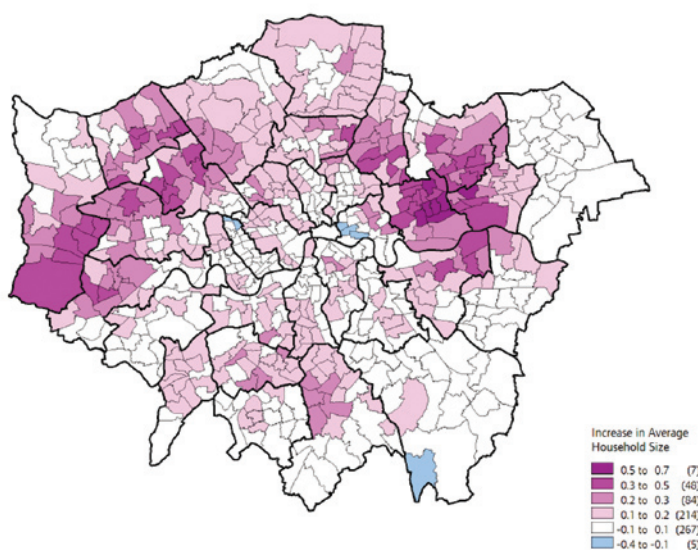
The overall number of household (as opposed to the size of those households) has increased by 250,200, 8.3%, since 2001 to a total of 3.27m in 2011. Other interesting statistics included:

- In 2011 private rented accommodation made up 25 per cent of the housing stock.
- Between 2001 and 2011 the number of houses and bungalows rose by 1.8 per cent (28,700) while the number of flats increased by 18.6 per cent (277,500).
- The number of homes in Tower Hamlets increased by 26,200 between 2001-2011 – a 32.8% increase.
- In London 100,200 people were living in 6,382 communal establishments in 2011.

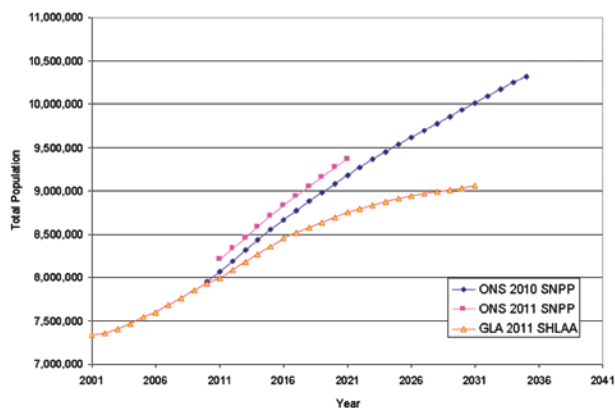
We should remind ourselves that the current London Plan assumes that the population of London will only hit 8.6 million by 2031 – 19 years from now. If we take the current rate of growth of something like 90,000 a year, it could hit 9.6m.

Where will those 1m unplanned-for residents live? And is the increase in household size revealed in the Census the harbinger of that mismatch between policy and reality?

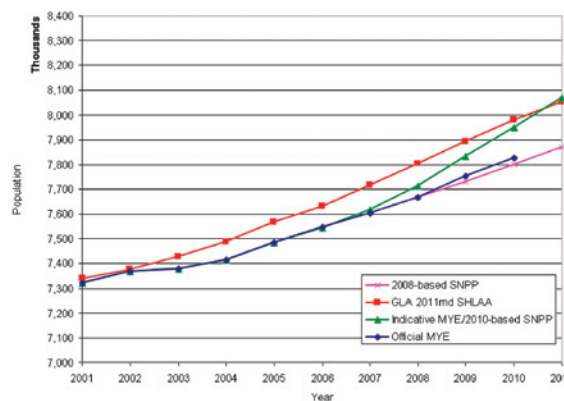
The biggest increases in household size were seen in Hillingdon and Newham



Change in average household size of London wards between 2001 Census and 2011 Census



Existing longer term projections of population growth, with the latest Census figures and ONS projections shown in the pink line



Population estimates from 2008 (before methodology was revised) and based on the GLA's SHLAA figures for 2011 – still way behind where population is

in particular, as well as Redbridge, Barking, Dagenham, Greenwich and west Hounslow – all areas with high transient populations.

Unsurprisingly Baljit Bains said a lot of revision was going into the creation of the next round of projections, prompted by the 2011 Census figures.

Borough inputs into fresh projections will include development-led population projections, SHLAA (Strategic Housing Land Availability Assessment) trajectories, household formation scenarios, and exploration of the need for "unconstrained" population projections, and migration and fertility scenarios.

There are some essential steps that must be taken to make projections more robust. These include generating a consistent 2001-2011 back series, which has not existed before. The main model for projections must then be reworked using the 2011 figures deriving rates from the adjusted back series. This is needed to resolve the "problem" that ONS projections are higher than expected.

The statistics need to be updated with 2010-11 data including births, deaths and migration and to revise these so projections are in line with what the Census revealed. In addition, the existing CLG 2008-based household formation rates projections need to be ditched, and new rates consistent with the census created to provide three scenarios.

Quite a bit of perestroika to be done then. And as if that wasn't difficult enough, migration data over the last three years show sizeable shifts in themselves, making prediction and forecasting more difficult.

For example the GLA's domestic migration scenario was prepared before the Chancellor's autumn statement, so the recovery assumptions used to create it need further revision. A 'pin-the-tale-on-the-donkey' approach might

be worth exploring.

#### GLA domestic migration scenario

Sources of error in the GLA's 2011 estimates for household formation included estimates of household numbers, estimates based on dwelling completions and changes in vacant stocks, estimates of average household size and the use of CLG household formation rates, which contained a large underestimate.

Other sources included a shift in the number of visitor households and second homes, problems with completion and vacancy data and errors in the 2001 and 2011 Census household formation estimates.

It is worth seeing if we can improve on the existing methodology, and get better agreement with, and between, boroughs inside and just outside London about what is happening.

Graphs shown by Bains demonstrate very large divergences from might be expected when council tax data is laid alongside dwellings data and household projections from the 2001 Census. Bains illustrate this with data from Merton and Haringey. In Merton's case the household formation projections are way below what actually happened, suggesting that information provided by the borough to create that projection sought to avoid the local embarrassment of have to approve more houses to meet projected demand – or that they simply let housing rip without regard to the projections for their borough. In Haringey also the 2001 projection were 4,000 or so units behind what the council tax receipts were saying about completed dwelling – quite a difference.

The point here is that there should be an element of reliability and truth-based expectation about this most basic of planning decision-making tools – the formation of

households and the creation of dwellings to accommodate people as and when they need homes. This isn't happening in because the issues are clouded by dodgy local statistics.

It isn't easy to predict average household size because it is linked to future economic trends and housing supply, but Baljit Bains' prediction was that it was unlikely to decline in the short term, and thought it was best to consider projections with a range of household sizes.

It is the case that the 2001 Census data in London is now regarded as having been poor, if not damagingly misleading. Both Westminster and Kensington & Chelsea have been demanding more accurate up-to-date data about numbers in their boroughs because they feel they have been entitled to more finance from central government and that there is some hiding behind the outdated population figures going on. K&C for example has maintained that the population figures used to determine their government grant are two thirds of what the real population is. Westminster had successfully argued that their area was under-enumerated, said Bains.

Perhaps Freedom of Information requests will increase now that a new statistical base is out there.

The quality of data is not good enough. Vacancy data on council stock for example is perceived to be poor, or not available.

There is also the problem of many Core Strategies nearing completion which will not reflect what the 2011 Census has revealed. Those strategies will simply recycle the undersupply issues. That's not planning, that's ignoring reality.

Meanwhile new units sold off plan to people from outside the UK produces further distortions, and is increasingly used as a reason not to approve. ■



View of proposed development near Battersea Power Station, centre is Embassy Gardens designed by AHMM

# London's housing crisis deepens

Unpredicted levels of increase in London's population in the 2011 Census have holed London's housing policies. How have we got it wrong and can we plug the gap? asks Lee Mallett

This feature is primarily an interview with Duncan Bowie, senior lecturer in Spatial Planning at the University of Westminster, and formerly principal strategic planner (housing) for the Mayor and investment director for the London region of the Housing Corporation.

Bowie has for years been pointing out that the 2001 Census and the Housing Market Study understated housing need, criticising the GLA and boroughs for pursuing the wrong type of housing in the wrong places, and for policies which could leave London with a Paris-type set of *Banlieues*. He is also critical of the "compact city" argument as the sole solution, insisting that more suburban development and urban extensions are needed to provide the family homes Londoners need.

The second part reviews a document just published by housing research outfit, Molior, and on the GLA website – *Barriers to Delivery* – what are the market-perceived barriers to residential development in London?

For context to remind readers of the recent Census figures – the population of London has risen to 8.2m. A rise of 12% from 2001, yet it was predicted to hit only 8.6m by 2031 – 19 years from now – an implied growth rate of just 21,000 a year. London has been growing at more like 90,000 a year. We only completed about 7,500 affordable homes in 2012 and perhaps less than 20,000 overall. The Mayor's target for new homes of all kinds is now 32,000 a year, but it needs to be more like 50,000 a year. ■

**Lee Mallett** How do you see the London's housing problems?

**Duncan Bowie** The areas that have been selected for serious planning intervention leaving aside the Olympics are focused on enabling high density international resi-led development to maximise value without thinking about needs generally – the broader policy objectives. City Hall is at fault in focusing only on these areas rather than looking at the output in qualitative, rather than just quantitative terms.

It is partly a resource issue. As we went into recession, a lot of those sites went on hold so there should have been a shift onto smaller sites, especially when a number of the bigger sites, like Silvertown Quays, Barking Riverside and the Pura factory site at Leamouth were caught. A lot of those original consents were unsustainable and should not have been approved because they were based on false assumptions about output and the market for it.

The GLA Planning Development Unit was focusing on reacting to applications and on these four or five major opportunity areas which were not the whole picture. And – bluntly – these were schemes which were not consistent with broader London Plan policy – certainly on the density and the mix issues. There was a belief we needed to get something big happening for symbolic reasons. There was this belief that the market would self correct which it hasn't. It's not even corrected on the peripheral sites because much of the land cost had already been incurred – so lower density, family housing

was not going to be viable.

**LM** I've heard housing associations are currently pipping private developers to sites coming up.

**DB** I've heard that. They're going down the affordable rent route, not social rent. Some councils have given up getting them to do social rent. However there is a risk that the affordable rent regime is going to fall apart because associations are so dependent on housing benefit which is going to be capped, plus a lot of tenants are going to go into arrears because of the end of the direct payment system. A lot of the associations will find their financial models in difficulty as lenders will be concerned at the level of risk. Some associations appear relaxed about moving up market and not providing further social housing at all. Which is not what they should be doing, they should be staying in line with their charitable objectives.

**LM** I want to go back to the basic picture. Population growth is running at least double the figures the London Plan is founded on. That's the real root of the housing problem?

**DB** It's certainly more than double. There's a problem that the 2001 Census seriously undercounted. We've been under-providing housing. City Hall for years was disguising the gap between supply and demand even in terms of the supply targets which were capacity based so that there was this belief, going back to the drafting of the original plan in 2001, there was enough supply to meet needs. I've argued through a number of Examinations in Public, both when I was working at City Hall and after I'd left, that the



gap between supply and demand was not a matter of two or three thousand, it is now 20-30,000. There's recognition now that the general housing need is roughly 50,000 a year of all kinds, rather than the 32-33,000 previously assumed. And that opens up the need to be explicit about the deficit. You can't carry on assuming that London's housing needs are self-contained.

**LM** What do you mean London's housing needs can't be self-contained?

**DB** You cannot meet them within the London boundary and provide sustainable housing within existing policies.

**LM** Even though the 33 Opportunity Areas indicate there's room for at least 250,000 homes?

**DB** Ah, yes, but it's the kind of housing you're providing. What needs are you meeting? That's why I'm saying the policies are also about sustainable development, a mix and range of types of housing, in terms of affordable housing. If you go back to what happened between 2000 and 2012, you can see that there was only one year when we hit the 30,000 mark (2006/7). The new target is 32,210 which we are massively short of.

**LM** We're only building around 11,000 a year at the moment.

**DB** Nearly half of that supply is central London flats for the international market. A large proportion of the output is not meeting London's needs. None of the housing needs studies have counted the demand of the international market for investment. Also we never counted short-term stayers in terms of the Census. There's a continuing need for short-term accommodation. So you're underestimating the overall housing need and you're not discounting the bit of supply that wasn't actually meeting those needs. Which means the gap is much, much greater than anyone said.

**LM** We've still not got to what that gap really is have we?

**DB** There hasn't been a proper housing needs survey since 2002. All the surveys since have been number crunching based on the original [2001 Census] figures. City Hall promised to do a new survey, which they're still working on but it is based on administrative data to be updated with the figures from the latest Census which will be quite useful. If you look at the planning statement published in December last year, to replace the circular abolished by the NPPF, they do acknowledge the need to update the figures. City Hall also says they're going to publish a 2020 Planning Statement – a new planning vision signed off by the Mayor that will set the parameters for the new London Plan.

I went to the London Plan amendments [to achieve conformity with the NPPF] examination in public before Christmas to object to some of the policies. The critical policy is the amendment to affordable housing policy to treat affordable rent as though it is social rent and to merge the two targets, which all the external participants in the session objected to. This included Westminster and K&C and no agency or borough supported the proposal.

Our view is you still need a separate target for social rented housing in the London Plan. You should not merge the two into a single target because they are different forms of provision. The Mayor took it a stage further than just amending his own plan, he has also objected to any borough that had the social rent targets in its own plan, and the Mayor went into the Islington examination in planning to object to this.

Councils, including Westminster and K&C, are saying "we should still be able to provide affordable rented housing at rents below the Mayor's 65% of market rent target. And

who are you as the Mayor to stop us doing so because we are trying to meet local housing needs which is what Government says we should be doing?"

**LM** Which has been a statutory obligation for a long time...

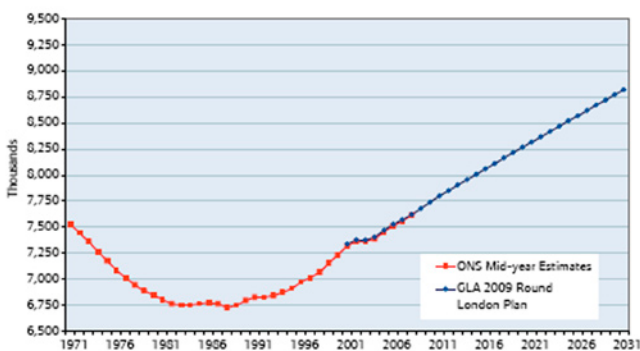
**DB** Correct.

**LM** ...And is a foundation of the Welfare State. That is what's being reconstructed with these policies. The Comprehensive Spending Review which began to tackle the issue of social rented housing, that's what that move is about isn't it?

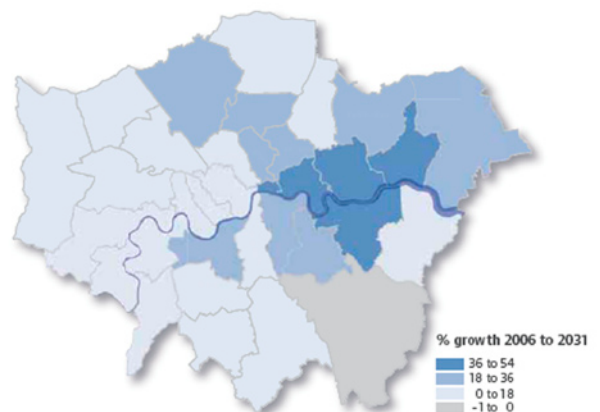
**DB** The Government's taking the view taxpayers money should not be used to fund lower income household living in higher value areas. That's the fundamental shift in policy. Labour has been very slow at opposing this. This whole idea of mixed communities in central London is historic now. We're moving to the Paris situation where all the poor people live in *bainlieues*. If you carry this policy through a number of years that is the consequence. You remember Boris' statement about social cleansing 18 months ago? Well he's gone rather quiet on these issues now.

**LM** There seems quite strong support for taking apart the provision of social housing.

**DB** Oh yes, because it is only a minority who are affected. The planning changes are only a reinforcement of this approach. There's benefit cuts - the complete closing down of any funding for social rented housing. People have been quite slow to understand the interaction of the funding, planning and benefit changes. But it is also this focus on what sort of housing is being built. Look at Earls Court, White City, Vauxhall. Housing provision is effectively being internationalised. But from the Government's point of view and also Boris's – he's happy with London being the main place where [continued page 18](#)



London's predicted population increase



The areas where population growth is predicted



Chelsfield's proposals at Camden Market, by AHMM

from 17 people from other parts of the world store their money. He sees it as significant inward investment. What it means is that most of the new homes are not going to be effectively occupied.

**LM** But you do throw off huge amounts of capital because of the new values that are established on those underused sites. There is a point about restricting land value by continuing to use it for social rented, which is not an efficient use of an economic resource, which could be released for creating a lot more new homes for social rented purposes, if you wanted to.

**DB** This was a perception that came out of the Cabinet Office under New Labour. The concept was councils own lots of high-value stock in central London. Why has it got social housing on it? They should just cash it in and put the social housing somewhere else.

**LM** That was the original Coin Street argument wasn't it?

**DB** This isn't just about asset values, it is about London's economy. You need lower income houses in London. It's interesting how Westminster has changed its position over the years, as it originally said they did not need keyworker housing in Westminster as key workers could commute in from Greenwich. Now they're saying the opposite. They're supporting a range of schemes for middle-income housing in Westminster, which is good news.

But the situation now where low income households are being forced out, unless you have very good subsidised public transport you're making it impossible for them to get

to work. There's a lack of interaction between housing provision and transport provision. If you look at the discussions we had in the 1870s and 1880s there's a much greater understanding then that if you have lower income households living outside central London you need subsidised transport, so you had workmen's trains arrangements.

**LM** But there is still no sense of reality around what portfolios local authorities own, what they are really worth and how that fits into the equation, so I would argue that – just as there is no interaction between transport and housing provision – there's no real interaction between the way in which the property market is operating and the way in which large scale portfolios owned by boroughs and housing associations are managed.

**DB** I think councils are using that a lot more effectively.

**LM** It is arguable though if you looked at the areas of London with ingrained problems of social deprivation in north east London for example, what's not needed is more social housing? It's the provision of training, education and other benefits.

**DB** This is in a sense Newham's position now. They're focusing on employment training and jobs. The idea of "trickle down" doesn't work automatically, it's a process that has to be managed.

**LM** Is what we need is an independent housing audit body in London which states the statistics as they really are – like the Bank of England looks after the interest rates?

**DB** There is a difficulty in City Hall, they don't have much research capacity. And

the housing team in City has always been managed to deliver output that protects the Mayor against challenges.

**LM** It's been politicised.

**DB** The Mayor having inherited the HCA budget hasn't got that much flexibility on what to do with it. You have to remember City Hall had no experience of managing capital programmes. Although there are some people there now from the HCA and the LDA, the housing team has been a research and policy body and has never been in charge of a delivery programme. The interesting thing will be now Boris has control over this, will he be able to do different things with it?

**LM** Given the crisis we're staring at – there are two views about the need to provide housing. One is you should be doing it for social reasons. The other is you should be doing it for economic reasons. That cheap availability of housing is a basic factor of production? Do you subsidise people, or property?

**DB** It has to be fundamentally backs to bricks and mortar.

**LM** Why's that?

**DB** Because if you're subsidising individuals in an unregulated market you've got no control over the use of the expenditure. And as soon as you abolish direct payments, you don't know if the rent is actually going to the landlord. If you talk to local authorities and housing associations, some of them are assuming that arrears will go up to 15-20%. That's catastrophic. Will housing associations start evicting tenants on a mass scale?

In terms of this whole issue about getting more lower density family housing and more sustainable housing in terms of links into employment opportunities, the critical issue is one of suburban intensification and urban extensions, including where necessary into what was formally, or formerly green belt land. This has been very contentious, following all the arguments about the NPPF.

**LM** You're also fighting against the architectural establishment which believes in the compact city argument.

**DB** I've been arguing against the naivety of that for a decade now. You can only get up the 32,000 figure per annum in the current plan or the 35/40,000 figure which City Hall is trying to move to, by assumptions about very high density of development, which a lot of planning consents have already got built into them which is why, of course, a lot of them haven't been delivered because a lot of them were on peripheral sites – Barking Riverside or Silvertown Quays for example. ■

# Barriers to housing delivery

London's housing market is a series of barriers, according to housing researcher Molior

Molior interviewed 27 developers including those building, those in control of big permissions, and larger housing and regeneration organisations. The interviews focused on schemes of 20+ homes in the GLA area. Four main barriers emerged:

- Control of the "realistic" pipeline;
- Non-balance sheet funding
- Private sector capacity
- Public sector speed and consistency

There are some interesting background. Private sale building is strong, almost back to the 2007 peak. This is because of good pre-sales. Nearly half the homes being built in London right now have someone's name on them – overseas investors, UK buy-to-let investors, developers keeping units to rent and some tenure switching from private sale to affordable housing. Investor interest is a key driver of development activity.

## Control of the pipeline

Permission exists for 210,000 new homes. This can be compared to a capacity of perhaps 765,000 homes on all sites across the capital. Those with permission represent seven years' supply using the GLA's target of 30,000 a year.

But 180,000 of these are in 148 schemes over 250 homes. Housebuilders are highly unlikely to deliver more than 250 homes on each site in a three year period. "In fact the realistic pipeline is...somewhere between 50,000 and 70,000 homes during the next three years" says Molior's report.

Not all these schemes will commence because some are controlled by firms who are not builders. Up to 45% is in the hands of owner-occupiers, historic land owners, government, or developers whose specialty is not building. This is a key constraint.

Selling these sites to builders is difficult. Many need design tweaks, which require new permissions, which now attract CIL.

## Non-balance sheet funding

Debt for development is hard to find and expensive. But its lack of availability at all is a tougher barrier even than its cost, say some developers. Interest costs can be 10% plus fees, while private equity investors want to see 20-25% returns. Without debt liquidity, special purpose companies for developments are hard to set up, so only larger firms with large balance sheets are able to build.

## Private sector capacity

"Very little" was the response when Molior asked interviewees what could be done to make them build more. Since 2007 they've resolved difficulties with problem sites. Firms said they were operating at capacity.

## Public sector speed and consistency

The system is slow and too changeable. Developers want to see greater appreciation from authorities that time is money. Too many have idiosyncratic policies which thwart viability, for example lack of flexibility on affordable housing, S106 terms and demands for unlettable employment space.

But the big issue is to stop changing the rules and adding complexity. The GLA should set up a task force to reduce public sector constraints, suggests Molior. It should focus on:

- More consistency between national and local policy;
- Solve scheme-specific issues on affordable;
- Set up a one-stop shop for liaison between developers and public bodies
- Remove the small blockages and illogical elements in the system. ■

## Debunking the landbanking myth

With 210,000 permissions it is no wonder questions are asked about land banking. But this is what Molior says on the topic:

- Builders either don't have land banks (Redrow) or have two or three years of sites (Bellway)
- Most big schemes over 150 homes are years away from delivery
- People who can't get finance are not land banking by choice
- Many owners are owners due to history, not because they bought the site for speculation
- "Finding specific evidence of [land banking] is extremely hard," say Molior.

"The industry feels that vendor price aspirations lead to sites lying dormant. When the vendor wants too much for their site, either the site does not sell, or is sold for too much but then does not get developed...which it is why it is so nice to have a public sector example.."

"Barratt and Berkeley are believed to be the underbidders on the North Wharf Gardens site sold by Westminster. Molior understands they each bid in the £80-85m range. An overseas buyer won the site with a £121m bid... which means someone who does not build in London paid 50% more than the price London's two largest developers consider being the value of the site as a 'factor of production'. Westminster appears to have gained consent then disposed of the site at a price and to a buyer which makes building the consent soon rather unlikely.."

"Rather we would argue for some sort of carrot which makes development land more valuable in the short term if the site is sold to someone who builds. "The simplest way to achieve this would be to allow a very large profit in viability assessments for a limited period, in return for housing delivery guarantees. Affordable housing delivery would suffer, but total housing delivery might rise." ■

## Developers only have themselves to blame

Since the first payments for affordable housing 15 years ago the tax burden on residential development has risen to the point where any excess profit is completely taxed away by the system, other than the profit derived from that produced by lucky movements in end values.

And all the while the industry 'allowed' this to happen: debt was cheap; sales rates were high and values kept rising to absorb the cost of the constraints. All developers wanted to do was get their next consent and build their next scheme – they noticed the gradually rising tide of taxation, moaned a bit but generally got on with developing. In a way developers only have themselves to blame for high costs and high taxes!" ■

# Outer London's fading charms

London's town centres are failing to provide what Londoners want, the GLA planning committee was told by the man responsible for delivering their greatest competitor

The GLA's planning committee met on 10 December last year to launch an investigation into the future of London's town centres. It heard evidence from John Burton, Westfield's development director (who was awarded an MBE in the New Year's honours list), Sir Terry Farrell, Will McKee, chair of the Outer London Commission, Julian Dobson of Urban Pollinators, James Miller, lead consultant for Experian, food writer Henrietta Green, and consultant Ziona Strelitz.

"Town centres are facing a difficult time in London," opened Planning Committee chair Nicky Gavron. There are "worrying trends" and she hoped the committee's planned future investigations would focus on whether the capital's town centres can adapt and change their form and functions and find new roles and new vigour. This year, promised Gavron, the committee would also be looking out how London's changing demography was affecting its town centres. The first part of the meeting would look at trends and the latter part would look at visions for the future.

The two extant Westfield developments at White City and Stratford and their amazing success has highlighted how existing town centres and even strategic international centres like Oxford Street and Knightsbridge, cannot emulate the success of the all new, self-contained, intense shopping environment that developments like Westfield can offer.

John Burton didn't harp on about the self-evident success of Westfield's schemes – soon to be augmented by an extension at White City and a new Westfield in Croydon. He did make clear what he thought wasn't working in London's town centres. Many are simply tired said Burton, and suffering from decades of under-investment. They don't provide the facilities people want, or there is a lack of space modern retailers need. But their essential role remains the same, he said, a place of social contact, convenient, attractive shopping, where it is safe and secure, served by good public transport. Fragmented ownership, preventing investment – as demonstrated at the eastern end of Oxford Street – was a big problem in traditional centres, he said.

Ziona Strelitz pointed out that whilst centres' role may not have changed, the

employment opportunities in them had changed dramatically. The corporate forces of aggregation, the creation of large singular workforces, compounded by the digital economy had eradicated many thousands of town centre office jobs in the past few decades, and this had had an impoverishing effect – contributing to the "charity shop" effect.

Public services were shrinking too, said Julian Dobson of Urban Pollinators. "Planners are not fully acknowledging the importance of their own services, for example," said Dobson. "Often the local authority is a major employer in a town, an anchor, and the loss of public services compounds loss of footfall and retail.

There was "a real crisis" emerging in London's town centres, particularly the outer ones, agreed Will McKee, and there was a "structural change" taking place in retailing, as a result of online shopping, and retailers needed to operate in a different way.

He too was concerned about the "flight

of public services" – health, education, post offices – all were leaving town centres and consequently reducing footfall. Centres are also beset by funding challenges and were in competition with each other. They required investment to meet that challenge, he said.

The other problem facing outer centres was that they "have got to decide whether they offer free parking or not, or follow the green agenda". This was a difficult choice for a centre that was feeling the competition.

A poor economy was slimming people's wallets, said Experian's James Miller, there was also a clear trend in demographics towards an ageing population while the IT revolution was continuing to increase online shopping – all these factors were changing the way people behaved.

John Burton said it was wrong to assume that online shopping was getting ever bigger. There was fierce debate about how far it was going to go. Some estimates he said were that 16-18% was now online, but there were trends emerging that showed people did want to compare physical goods and then they might buy online. Also they wanted to bring them back to a shop if need be, and not to have to mail them. So it wasn't "one way traffic" online, and some retailers were adapting to reflect these new trends for a physical symbiosis with online.



Westfield's development director, John Burton MBE and below, Westfield's proposed joint venture with Hammerson for Croydon





London's local town centres

It was very difficult, however, to reverse the impact out of town shopping on town centres from the 1980s and 1990s, and those stores that had been built were now re-modelling and modernising themselves, intensifying the threat they posed to centres.

But we should resist the presumption that the future of town centres was retail-dependent, argued Ziona Strelitz. Public services, public spaces, the other employment opportunities that could be created there were all vital to their future. "We should have a more balanced view. It's not just about retail or modes of transport," she said.

There were big issues to consider, said Sir Terry Farrell – London's rapidly increasing population, the occupation of former industrial land – as at King's Cross and Paddington Basin, the South Bank – a big move to the east, and big changes in transport, like Crossrail, which would create new town centres. Kings Cross and London Bridge were new town centres said Farrell, as was Canary Wharf, and places like Greenwich Peninsula and Old Oak Common with the arrival of HS2 would also probably develop new town centres in the future. Westfield at White City had formed the basis for a complete new town centre at Shepherd's Bush, said Farrell, whilst Stratford had been "turbo-charged" by its Westfield. All these things, he argued, were causing London to experience a shift to new centres.

Assembly member Val Shawcross observed that "planning follow through", when a major new piece of infrastructure like the Jubilee line extension or Crossrail arrived was "a bit hit and miss". "There's not really any forward planning going on," she said.

Terry Farrell agreed: "There isn't a lot of forward planning happening in Britain," he said. "Look at Ebbsfleet for example. There's nothing there, yet by and large stations do accumulate activity around them."

"So when there's a station going in, why aren't we in there shaping the future? Why can't the Mayor tell us he has a masterplan for every station on the Crossrail route?" Shawcross wanted to know.

"Other countries do it," said Farrell. "I just don't we do proactive planning here very much. We're still not planning for the impact of Crossrail. It only happens when the private sector gets involved."

John Burton cited Japan's experience where large mixed-use schemes had aggregated around major stations. Ziona Strelitz said that a lot of development that had happened in London was "anti-urban" and that places like King's Cross were a good example of a new town centre, with its educational and digital occupiers and the adoption of its streets. We should be exploring the urbanisation of shopping she said.

Farrell argued that the Westfields at White City and Stratford were good examples of centres set in the middle of urban terrains (as Croydon will be) which were acting as regenerators of those places. Brent Cross he said was also beginning to think of itself as a new place. "The urbanisation of shopping centre centres is ongoing," said Farrell.

Masterplanning in the UK hadn't worked very well said Farrell. It hadn't worked in Croydon for example and there had been more recent failed attempts at re-masterplanning it. Canary Wharf had worked, he

said, because it was in a single ownership – the same was true of Marylebone High Street's transformation under the Howard de Walden estate.

Food writer Henrietta Green said she felt that the success of London's new shopping centres was hurting the High Street, and surrounding streets were also suffering.

Will McKee said town centres had to recognise the market does change. Back offices were not going to go to Croydon again, and the future for that town centre had to be much more mixed use. Other centres could increase their residential content and make them much more balanced places. They could try harder to attract people in the evening.

The "worrying trends" part of the discussion closed with another look at how internet shopping was affecting things. The UK is one of the world's most avid users of e-commerce, said John Burton. Books and music had been hugely affected by it, shoes were seeing similar trends with people buying six or seven pairs and perhaps sending some back. Could the trend spread to things like cars, he wondered. He didn't see a lot more penetration with e-commerce settling at around 20% of the market. He saw opportunities for new town centre showrooms which provided "touch and feel" experience that shoppers needed. He did not see e-commerce as having a negative impact on town centres in future.

James Miller of Experian, said that although e-commerce had reached 13-14% of the market now, growth was increasing more slowly, and there must be a cap to it somewhere. It was easy to see it as a negative, but it also represented an opportunity. Offers such as "click-and-collect" were encouraging people back to the High Street. A physical space was needed to bridge between the on- and off- line economy, he said.

Committee chair Nicky Gavron moved the discussion on to visions for the future.

"We are increasingly seeing people use public transport and our development will increasingly rely on it," said Westfield's John Burton. In the past there had been a link between the use of the car and the higher value of goods purchased, but didn't appear any longer to be the case. But parking was a big challenge for the lower hierarchy of London town centres which relied much more on providing parking because of inadequate transport links. There was a need for greater consistency in parking regimes, he said.

Centres needed to ask themselves if the infrastructure was in [continued page 22](#)



City's shopping: Land Securities' One New Change

from 21 the right place, is it good enough and these questions also applied to the retail itself. Were shops large enough, asked Burton?

"Nearly all [outer] boroughs feel that TfL's parking standards restrict their ability to complete," said Will McKee. They should be allowed to "tear them up" he said and make their own policies to suit.

James Miller said the future would be about "reinvigorating smaller places" and they needed to be safer, attractive, enlivened day and night with more mixed-use.

Terry Farrell's vision was that although all places were different, many suffered from the same problems, and it was important to identify those things that worked so lessons could be applied to failing centres. Better stewardship was essential. Diverse ownership struggles to achieve this.

A task force was needed to identify problems and solutions, he suggested. Also many centres lacked integrated transport, parking and pedestrian solutions.

"Many have appalling pedestrian domains," he said, whilst "big centres clearly have control of these issues". Better use of public buildings – many don't open late – double, multiple uses could be achieved he said. The main thing was to "look at places that are succeeding and transfer the lessons

## Shop 'til you drop – if you can find one open

Chris Bown reviews what is ailing London's existing town centres

London's shopping streets are facing a double whammy, as financially pressed consumers continue to hold back spending, and to shift more of their buying online.

As a result, 2013 continues to see a decline in the overall health of the retail sector. Alongside high profile casualties, such as Comet, HMV and Jessops which have disappeared from streets and shopping centres, are an equal number of small, independent retailers and restaurants also struggling to maintain their businesses.

The incremental decline in spend and footfall mean a continued flight of retail activity to key centres, with a polarisation between successful shopping locations that have a critical draw for consumers, and secondary locations that have diminishing appeal. Westfield's centres in White City and Stratford continue to thrive, while in the City, One New Change has been declared a

success in creating a retail draw that attracts weekend visitors as well as City workers, although there is still some settling in to be done. The announcement that Hammerson and Westfield are to join forces means that Croydon will also get a new shopping centre to rival these successes.

High street retailers are looking to retain consumer visits with ideas such as click and collect, combining online buying with the convenience of collecting goods from a local store, rather than waiting to miss the delivery courier. And commentators have suggested that successful retail now demands an "experience" along the lines of that provided by Apple in its stores, allowing consumers to engage emotionally with goods, rather than simply pick them off a shelf.

Despite disappearing brands, there are some retailers still interested in expanding on the high street. Although they have scaled

back their expansion plans, major grocery brands including Tesco and Sainsbury are still keen to add convenience format stores to their portfolio. Despite the reservations of these big brands around the damage they can do to local independents, such outlets do provide a draw for consumers. And occupiers such as betting shops, charities and pawnshops among the few sectors with a willingness to take on more space in the current market.

A *Property Week* survey discovered more than 15 betting shops on Tottenham High Road, and 11 on Deptford's High Street; while charity shops, which can defray business rates, are welcomed by hard-up landlords.

The declining secondary locations present planners with a tough decision: whether to continue insisting on retail uses, and hope for an upturn, or to accept there is a sea change in the way consumers buy, and allow innovative alternatives instead. Once footfall drops

to those that aren't."

Will McKee argued the future was about increasing footfall in London's centres and what might deliver that. Diversification was vital – leisure, arts, services, small offices. Property structures needed looking at as many centres were configured in way that made it difficult for today's retailers to operate. A much more proactive approach by boroughs prepared to use CPO powers to create opportunities was needed. Shorter leases were needed with no upward-only rent reviews. And it was no good applying "inner London thinking to outer-London centres," he said. They need more flexibility.

Julian Dobson said centres needed to focus less on property issues and more on people issues. "How can we humanise centres?" Shopping centres should be put at the heart of the community and offer people the chance to put something back into the community, not just to take from it. There should be space for start-ups and independent traders, more opportunities for creativity and citizenship, he argued. We should "move from ME towns to WE towns", he said.

Henrietta Green said some functions should be brought back to local centres and High Streets by opening up the uses and not rigidly sticking to retail, but letting empty shops be used for making. "Maybe they could

become a source of production again," she suggested, "carpentry, studios could be linked to retailing." There were huge opportunities to stimulate activity which "ticks a lot of boxes," she said. She knew a food retailer, she said, who was obliged to make his hot sauces in a unit in Park Royal while selling them in Croydon that was opposite an empty shop he couldn't use for that purpose. "It is the use classes order which is prohibitive and should be changed," she argued.

Member Len Duvall observed that leadership was required to tackle these issues and that this didn't come from planners. Where does it come from he asked Will McKee?

"Leadership rarely comes from planners," said McKee – himself a former chief planner and chief executive. "It comes from a chief executive who generally has a much stronger vision and it needs the help of architecturally-based talent. The planners see themselves as environmental police rather than deliverers of vision," he said. "Vision comes from the centre of local authorities, not the planning wings. Planners are not flexible enough to recognise change."

Member Navin Shah asked, "Well what about elected members' leadership?"

"There is good leadership," replied McKee, but only from 10 out of 80 members in any borough. "The Mayor [of London] is capable of

giving that leadership," he said.

Town centres should offer amazing workplaces for free, said Ziona Strelitz. Places like the Royal Festival Hall and the British Library had shown how popular these were. They needed to create places for building social as well as economic capital. Libraries could encourage people to work in them. There was a lot of linear space in existing town centres when what was needed was non-linear spaces, said Will McKee. Also he said the different public agencies were not linked up. They all went their own way. There was a leadership role to pull them together.

John Burton's advice to centres was to prioritise what needed to be done, and they needed to prioritise better management which didn't require a lot of investment but would produce pride-in-place. There were arguments councils should receive a greater share of the rates.

He said Westfield had shown how positively people will respond to investment and that they saw their centres as places of refuge from the city which was often uninviting for occupiers and users. There was a need to create opportunities for large scale investment, like Croydon.

The answer for London's town centres, concluded Will McKee, lay in policies that encouraged intensification of mixed-uses. ■

below a tipping point, there is the danger that the lack of customers will hit other, remaining retailers and they, too, give up the fight.

Should subtle changes of use be permitted, perhaps on a temporary basis, to persuade alternative businesses into shop units?

The government-backed idea of allowing retail conversion has already created much debate around the wisdom, or otherwise, of promoting alternative uses in lacklustre retail parades.

The Mary Portas high street initiative, is impacting just one outer London location. Croydon's old town was among the 12 pilot centres chosen for action; a number of initiatives planned through 2013 should help, and provide a testbed for some practical ideas.

#### In town vs out of town

London's retailers are doing battle in an environment where there are precious few shopping centres coming to the market, thanks to a constrained development lending market. But traditional high streets remain under pressure, not least from owners and operators of bulky goods and retail warehouse

property, who are looking to reconfigure their first generation units.

Early adopters of such space, such as B&Q and Halfords, are looking to trade down, reducing floorspace in response to market changes; and new smaller units are being created. Retailers such as Next are keen on out of town developments, with free parking, rather than in congested town centres, where hard-pressed councillors can increase parking charges in an attempt to balance their books.

By adding food and beverage operations, entertainment and even gyms, the landlords out of town centres are continuing to provide plenty of reasons for consumers to visit. The tension between edge of town and out of town is amply demonstrated by an early 2013 High Court decision in Barking. Developer Estates

& Agency Properties successfully argued that permission to Tesco to expand their nearby store had been permitted incorrectly. The ruling was that allowing Tesco to expand would compromise their interest in taking part in the regeneration of Barking centre, jeopardising the success of EAP's Abbey Retail Park proposal, itself classified as edge of town. As a result, the Tesco permission, granted in autumn 2011, no longer stands.

Such challenges underline the careful balance planners need to strike when reviewing the conflicting needs of various parts of the retail economy. But as more of us continue to click-to-buy – and the UK leads Europe in adopting such shopping styles – no one is predicting demand for retail space will pick up anytime soon. ■



Going, going – gone. Retail casualties pile up

# London's case for secession grows

The capital's business districts are mostly in rude health, and the emerging Olympic legacy will only enhance it's strength compared to the rest of the UK thinks Chris Bown

## London economy

London's economy seems to work at odds with the rest of the UK. While the country as a whole limps along under an austerity package that constrains public and private spending, the capital appears largely immune.

Exposure to global markets, and a safe haven status among international communities means London remains a preferred destination for property investors, as well as a strong location for business hubs. But with the challenges of business generally dampening demand for new, large office space, the focus across the central areas of the capital is now on residential.

Enhanced no doubt by a sparkling Olympic performance, London is an attractive place for many foreign investors who are happy to invest in apartments, often off plan from thousands of miles away.

Today, the capital's residential developers think nothing of planning roadshows in Hong Kong and Shanghai, to start the sales process of their next development. The £600m sell-out of apartments at Battersea power station site, early in 2013, underlined the continuing attraction of London, particularly on the riverside, to international buyers.

Despite the reduction in demand for new office space, institutional investors continue to love London. While individual nations may come and go, as each year goes by, a greater proportion of the capital's commercial real estate moves into the hands of foreign owners.

Malaysian and Chinese buyers added to their holdings during 2012, while for Middle Eastern investors, an investment in commercial real estate remains an attractive, transparent and tradeable way to preserve capital.

The capital is also seeing a major infrastructure investment, in the form of Crossrail, continue beneath London's streets, adding 10% capacity to the rail/tube network. With work now well under way, and the completion date now in sight, developers are moving to create new office and retail destinations, to take advantage of the greater connectivity Crossrail will bring to key points across central London.



## The City – banking in decline

For the City of London, the fallout from the financial crisis has played out in several dimensions. Occupier demand has reduced, as the banks have had to cut operations and overheads, rather than sign for fresh new offices. And with the economy uncertain, other professions such as the law have realised they, too, are not in a position to sign new leases.

As a result, the heralded demand for new office space, as 25 year leases signed off the back of Big Bang in the 1980s expire, has not materialised. Banks are hunkered down, restructuring and nursing bad loans. Those who have made a commitment, such as UBS which has signed for a new building at Broadgate, are making more modest estimates of the floorspace they will need in the future, and will not sign such long leases.

And in early 2012, law firm Cameron McKenna's decision not to proceed with a prelet at Hammerson's Principal Place, north of Broadgate, sent a shiver through the City office market. As a result, several schemes will sit through 2013, waiting for a prelet before starting out of the ground.

While bankers and lawyers may be lacking confidence, the same cannot be said of the insurance industry, which continues to play a strong part in the City's office market. Lettings to insurance broker occupiers helped



Left: WR Berkley's "Scalpel" and above: Candy and Candy's Sugar Quay

the developers of the Walkie Talkie tower underpin their decision to start speculative development, while insurer WR Berkley opted to develop their own City office building (the "Scalpel"), which now has consent.

With offices not in high demand, planners have seen an increasing number of proposals to adapt or redevelop buildings for other uses. The City's hotel stock grew significantly through 2012, with a pipeline that promises to continue delivering well after the Olympics.

And the international demand for residential space means even pension funds have been looking to turn tired offices into apartments. The City's line is that it will allow more residential, but in confined areas.

During 2012, housebuilder Berkeley started work on converting Roman House, adjacent to the Barbican, from offices to 90 apartments. And late that year, the Candy brothers swooped, buying the empty Sugar Quay on the riverside. An application to replace the existing office redevelopment with a residential scheme will be decided during 2013. City planners generally accept a contribution to affordable housing, which is spent outside the City's boundaries.

At the City's north eastern corner, a new type of City occupier is being spawned, around the recently nicknamed Silicon Roundabout. Creative industries across technology, media and telecoms are being encouraged as the new occupiers who may help take up the slack of the declining banks; they may also appreciate more basic space, such as refurbished older office buildings – a more sustainable long term occupier, perhaps? The appeal of London as a high-tech hub was given substantial support by Google's decision in early 2013 to sign for 1 million sqft of offices at the Kings Cross Central development, north west of the City; the search engine giant is due to move in during 2016.





Crossrail at Centre Point

### Westminster – international appeal

The economy of the borough of Westminster continues in rude health, thanks to a continuing influx of well heeled international residents, who love the capital's many attractions and to keep buying new apartments without let-up.

As in the City, the West End office markets of London's West End is suffering from a lack of business confidence, but still has sufficient momentum to encourage major new projects.

New occupiers to have made the West End their office location include the hedge funds, who have helped to underpin office rents around Mayfair; while technology, media and telecoms account for just over a third of office space occupied. As elsewhere, older buildings are increasingly being converted to provide residential or hotel uses.

Land Securities, a major landlord in Victoria, is midway through transforming the area's office accommodation with a series of new blocks; while the Crown Estate continues to judiciously redevelop its central London holdings, creating new high specification offices in blocks south of Oxford Street.

Retail continues to perform strongly in central Westminster, with the high end boutiques of Bond Street still much in demand. New names are also encroaching into new areas, with US clothing retailer Abercrombie & Fitch heading into Savile Row. Undamaged by the arrival of Westfield's substantial shopping centre to the west at White city, Oxford Street is seeing a revival, with new developments to the eastern end of the street enhanced by the development of a Crossrail



Crossrail at Canary Wharf

station at Tottenham Court Road.

Residential demand appears set to remain strong through 2013, only helped by international moves such as the French government's tax hike for the well paid. Planners continue to prefer affordable housing to be provided as a part of any new residential development, but adopt a pragmatic attitude if required.

### Docklands – maturing

In Docklands, the future focus of Canary Wharf will increasingly include residential elements. In 20 years, the area has grown from nothing to a major office destination providing work for 100,000, but Canary Wharf Group is thinking more about places to live.

Having taken over Wood Wharf, a development area to the east of Canary Wharf, during 2012, the developer is now planning to add apartments into the development mix. It will start delivering the first elements during 2014. Further ahead, the arrival of Crossrail during 2018 will again improve the area's transport links, just as the delivery of the Jubilee Line did in 1999.

Elsewhere on the Isle of Dogs, further residential is planned; and the strength of demand was indicated early in 2013 by Frogmore and Galliard's purchase of a site with consent for around 1,000 apartments and a hotel, at Baltimore Wharf.

The continued strength of demand around the Isle of Dogs is in contrast to other parts of Docklands, such as the Royal Docks. But it is hoped that a major 35 acre site alongside Royal Albert Dock may progress during 2013 with new investors kick starting a 1.5 million sqft business park. The launch of the

Siemens technology hub at the western end of Royal Victoria Dock, and completion of the new cable car link to north Greenwich, have also helped to encourage greater interest in the Royals area.

### Olympic benefits

Summer 2013 will see the first fruits of the long promised Olympic legacy delivered, at the former Olympic Park in east London.

The park, which has been closed off since the end of the Paralympics, will be opened in phases, following the completion of works that include taking down and removing temporary structures, and turning the athletes' accommodation of the Olympic village into apartments and houses.

Within the park itself, temporary venues are being dismantled, while the "wings" of Zaha Hadid's Olympic pool building, which provided additional spectator seating, have been removed. Across the former Olympic site, bridges and walkways are being reduced down to smaller sizes, in a slimming down that will provide the park with a more intimate, human scale.

### First impressions

The first phase to open, during 2013, will be a section of North Park, along with the Copper Box, an Olympic venue that will be retained as a sports and entertainment venue, providing facilities for the local community. Events promised within the Copper Box include basketball, wheelchair basketball, handball, volleyball, netball, judo, fencing, table tennis, badminton, gymnastics and taekwondo as well as concerts and performances. A permanent gym for residents will also be installed.

During the summer, the former athlete's village will start to welcome its first permanent residents, as the transformation of the buildings into 2,818 homes is completed. While the structures are similar, the specification for the Olympics required more bedrooms and fewer cooking facilities, and this led to the need for the refit. East Village, as the athlete's accommodation is renamed, will provide a mix of tenures and housing styles.

Future uses for the Olympic stadium are now in the hands of a joint venture between Newham Council and the London Legacy Development Corporation. Plans are being advanced for a series of concerts to be staged at the stadium, starting in summer 2013; the venue holds the potential to replace Hyde Park as a live concert venue.

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## Second act

Early 2014 will see the Olympic velodrome and the area around it opened up for public use. The Olympic BMX track will be adapted, with a new mountain biking and tarmacked road circuit added. A gym, café and car parking for visitors will be added, along with seminar and conference areas that will make the venue an attractive one for many uses.

Also early next year, the hockey and tennis centre will reopen for public use, on the site to the north of the A12 arterial road. Additional indoor and outdoor courts will be added, with facilities for five-a-side football also being constructed. Alongside the development of facilities are further steps to open up public access routes across the area for local people, a contrast with the highly restricted access necessary during the Olympics.

Also due to open during spring 2014 is the South Park, an area to the east of the Olympic stadium that takes in the Mittal observation tower. This is destined to be a major pleasure garden, with an ever-changing programme of events and activities that will help create an additional resource for leisure and entertainment in east London.

Taylor Wimpey and London and Quadrant are working up plans for Chobham Manor, a neighbourhood of terraced and mews houses that will infill a site between East Village and the Olympic velodrome. The first of 870 homes should be ready for occupation by late 2014.

## International Quarter and Infrastructure

One concrete legacy of the games is the strong infrastructure now in place at Stratford. Public transport links mean the area is well served by Underground lines, as well as a fast connection to St Pancras International and channel tunnel rail services.

Westfield's Stratford shopping centre is now acting as a major draw for consumers from the east London area and wider into Essex. While the two hotels constructed above the shopping centre, a Holiday Inn and Staybridge, were recently sold for £58 million, indicating the appetite from international investors to take a stake in the area.

Plans are also afoot to create a major office hub alongside the Olympic Park. The International Quarter, a predominantly office-led development will be undertaken by Lend Lease with London & Continental Railways. During 2013 the development partners take control of the development sites, which sit to the north and south of the Stratford



Above: Lend Lease's proposals for The International Quarter at Stratford and right; how the Olympic Park will look when developed

International train station.

An outline planning consent already granted provides for up to 4 million sq ft of offices in a range of buildings, 350 homes and an additional hotel. The progress of the development will undoubtedly depend on finding major office occupiers keen to be alongside a train line that has direct links to continental European capitals including Paris and Brussels, as well as a fast connection to St Pancras. For employers, there will be the attraction of Stratford's Crossrail station link, operational from 2018 making commuting from both east and west of London a practical option.

## Boroughs benefit

For the local boroughs, the focus is on building long term benefits from the Olympic infrastructure. Newham is planning substantial residential development, in addition to the Olympic village and the other sites alongside it zoned for new homes. By 2025, the borough expects to be accommodating more than 130,000 new residents in 59,000 new homes. Work is also in progress to maximise the benefit of remaining commercial spaces left over from the Olympics, to attract further businesses into the area, creating local jobs.

Research suggests that the Olympic effect will certainly benefit the area in years to come. The GLA predicts employment in inner London east will rise by 31% in the years to 2031, compared to just 9% in inner London west.



And consultancy the Centre for Economics and Business Research recently delivered a report suggesting that the east will continue to be the place that accommodates London's population growth, as it has already in recent years. CEBR says the strong housing markets in central and west London, spurred on by international investment, have priced themselves out of long term growth. The report's authors noted: "Increasingly, employees in key growth sectors can't afford (or choose not) to live in West London and prefer to inhabit burgeoning eastern boroughs. Government infrastructure investment in the region in the run-up to the 2012 Olympics has helped to kick start local development and we expect growth in East London population continue."

During the last decade, east London has enjoyed faster population growth compared with elsewhere in the capital: resident population growth has been around 25% in Tower Hamlets and Newham and close to 20% in Hackney. In contrast, the numbers living in Kensington and Chelsea have decreased. The move is also predicted to continue into the medium term, with the population of Tower Hamlets expected to increase by 31% in the 30 years to 2031. ■

# Very taxing: is viability vanishing as CIL hits London?

Speakers at Planning in London's CIL and viability conference had tough messages for boroughs and developers alike. The event was hosted by Arup, sponsored by Savills and DS2

There is already a very wide range in levels of Community Infrastructure Levy developers can expect to pay in different parts of the capital, Arup's global leader of planning Chris Tunnell told delegates. For example a 60 sq m home in Croydon won't be taxed at all, but in Wandsworth's Nine Elms zone A riverside, you can expect to pay £34,500 CIL for the same unit. In Redbridge, the first borough to set CIL, you'll pay £4,200 and in Wimbledon in Merton, you'll pay £23,100.

Other uses had wide variations too, said Tunnell. A supermarket in Camden will raise £37,500 in CIL, but in Hillingdon where they presumably feel they have enough, or the retailers are more desperate, they'll have to cough up £322,500 for the same 1,500 sq m outlet.

He said there was "a surprising difference" in charges emerging, but even the biggest annual receipts for delivering housing – the highest he estimated at around £40m in Southwark – didn't really amount to much compared to boroughs' overall budgets.

Some uses were being discriminated against. In Islington the rate per sq m for student accommodation and hotels is a swingeing £450 a sq m, compared to £300 sq m for residential.

It was pretty clear, however, said Tunnell that CIL is not so much an infrastructure levy or an equitable funding source as a tax on development. It also raises significant skills issues for local authorities and there will be

widespread debates over viability issues.

Melys Pritchett, Savills' national lead on CIL, showed how far ahead of the rest of the country London is in adopting CIL. Nearly all boroughs are actively pursuing their CIL. Average London rates are also a long way north of national averages.

The big challenge facing the development industry she said was timing, because there are just so many CIL charging schedules and their clashing consultation deadlines to deal with. "Has the planning inspectorate got the resources to deal with CIL?" she asked.

There was a huge reliance on the industry to challenge the CIL rates across London and the UK and put its own evidence forward. There were also huge conflicts around revealing commercially sensitive information to challenge CIL rates, particularly for retailers, said Pritchett.

Without that evidence it would be hard to refute the rates proposed and the data needed to be transparent and demonstrate rates proposed will put development at risk.

The feeling was, she said, there was a lot of "rubber stamping" of CIL rates, and a need to establish a review date for so they could be challenged if they were not working. Meanwhile local authorities benefitting from CIL were not being clear about what CIL revenue would be spent on, nor who it would be delivered by and when.

A review and set of amendments tackling some of the issues is now before ministers

awaiting sign off, said Pritchett and a further review was underway within DCLG, while the British Property Federation and the Home Builders Federation were lobbying hard for changes. More amends are expected. She suggested the industry might like to consider "consortium approaches" to challenge CIL rates, and as time went by, more of an evidence base for CIL rates would emerge. Encouragingly CIL rates in some parts of the country had been reviewed and reduced. But she said, CIL was steaming ahead, and it was "a non-negotiable charge".

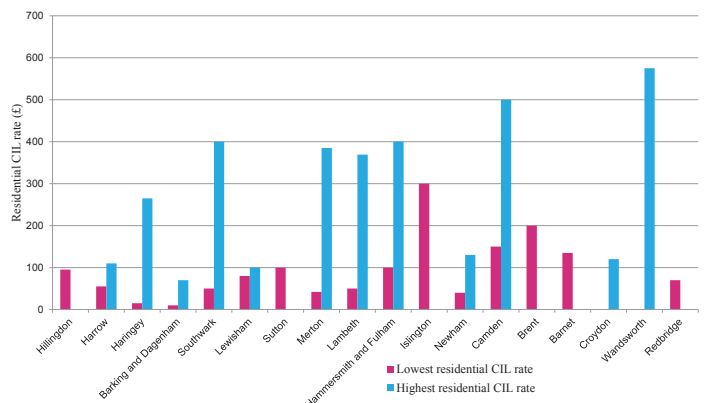
Julian Barwick, development director of Development Securities showed two case studies of the impact of CIL on specific schemes in London.

At 100 Hammersmith Grove, W6, DevSecs has been working up a mixed-use scheme with 11,000 sq m of offices and 560 sqm of retail. Detailed consent was granted in September 2011 and a funding deal completed with Scottish Widows.

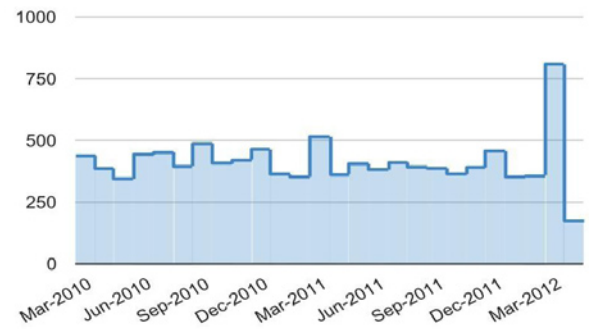
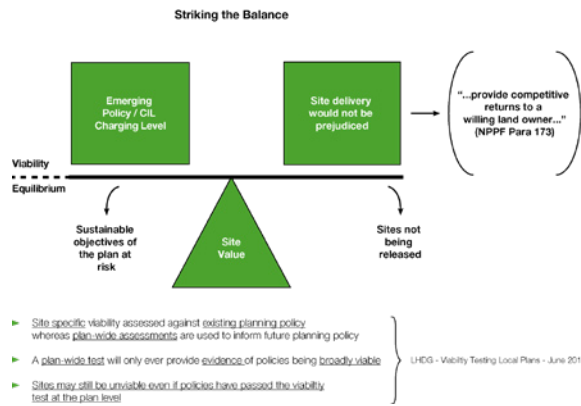
But in the new CIL world, said Barwick, there would be a 20 reduction in profit and a 30% decrease in land value. Or, to make up the gap, there would have to be a 5% increase in the rent, to £41.50 to cover the losses. The loss of profit would have precluded Scottish Widows' involvement, the 30% drop in land value would not have persuaded DevSecs to sell to anyone else, and the required rental increase – you might be able to con yourself into thinking this would



Maximum annual residential CIL receipts by borough



Lower and upper levels of residential CIL by borough



Striking a balance: Robert Fourt, Gerald Eve and Jacob Kut, GVA explain the equation

Permissions peaked in March 2012 to avoid Mayoral CIL

happen at some point, but not in the foreseeable future, said Barwick. In short the scheme would not be happening. And, he said, the CIL in Hammersmith was not "outrageous", but it was "steep".

He turned to a 100 sq m home extension in Barnes where he said it might add £450,000 to a semi's value. If CIL was applicable the levy would be around £57,500 he said, but as far as he was aware, it wasn't payable, so taxpayers "were getting a free ride compared to developers" in this, and there was a "democratic deficit" between homeowners and developers. If it impacted on voters, he said, they'd regard it as "fucking outrageous".

"I see massive arguments afoot. I see authorities who don't want development using it as a weapon to interdict development. The whole relationship between CIL and S106 needs sorting out, and the unevenness of CIL rates will be a big problem," he said. "It will kybosh development," he predicted.

Andrew Whittaker, planning director of the Home Builders Federation reminded the audience CIL was an industry promoted solution to the proposed Planning Gain Supplement. But now authorities were telling the industry what land values and profits should be.

"It's a competitive market," he said. "If landowners don't want to sell land they won't, and if we can't make a profit, we won't be housebuilders anymore."

Local authorities had to work closer with developers to understand the issues and make CIL work. There was a "huge disconnect", he said. Trying to set CIL at the margin of profitability was "very difficult" and CIL's non-negotiability, was going to cause problems.

If it were phased throughout the life of a development, that would help. The problem with some authorities though was they would seek as much of the uplift as possible. He reminded everyone CIL was a simple idea, and it

could be made to work.

The BPF's planning and development director Faraz Barber said there had been little or no recognition of the need to encourage development in London's 33 Opportunity Areas which needed investment. It was "bonkers" he said to set CIL in these.

More guidance was clearly needed around the interaction between CIL and S106 and strange policy decisions like charging CIL on properties vacant for more than six months.



Hammersmith Grove wouldn't have happened with CIL

An important part of the equation developers should be looking out for he said was Neighbourhood Plans, as authorities were charged under the Localism Act with contributing to the development of these. And the proposed Mayoral Development Corporation would also be a charging authority.

New assistant director of planning for the GLA, and Giles Dolphin's replacement, Stewart Murray, set out key points from the Mayor's emerging 2020 Vision. This would include 200,000 new jobs and a minimum of 34,000 new homes a year, with a focus on Olympic legacy, inward investment, growth in the Opportunity Areas and town centres, and the regeneration of riot centres Tottenham and Croydon. He said London would be a "mega-city" of more than 10m people if it continued to grow at present rates. There was a "massive incentive to build". The Mayor

had commissioned an external report to look at "Barriers to Delivery" (see page 19) so the market could see he was determined to understand what was "holding back development".

The key to CIL was the charging rates boroughs proposed and the GLA "will continue to monitor boroughs," he said. Some of the rates contemplated he described as "eyewatering". It was important he said "that S106 is significantly scaled back". He said the GLA will examine boroughs' viability evidence and provide opinions at examinations in public.

Boris' key aim he said was to "get London building" – and a One Stop Shop to sort issues on major sites was being contemplated.

Robert Fourt, partner, Gerald Eve and Jacob Kut, senior director at GVA described the application of the latest guidance in assessing financial viability. Steve Billington of DS2 looked at how the issue of viability was affecting the delivery of affordable housing.

Was providing it on-site the best use of subsidy he asked? He cited a case in Kensington & Chelsea where a £22m subsidy had been achieved, but only eight affordable units delivered on site. Money raised from developers he said might be better used funding initiatives that the HCA or GLA no longer fund. There were he said, lots of stalled affordable schemes where it could be used. And why not build affordable homes on local authority land, or fund direct council housing? It would be useful to see the more widespread use of affordable housing credits, as used in Westminster.

The effect of affordable housing policy in recession was clear he said, with 70% fewer affordable starts in London in 11/12 than the previous year, and that the first six months of 12/13 had seen only 10% of the starts and completions at 11/12. Viability was so low that even housing associations were negotiating around it, he said, and London could expect even less in the CIL world. ■

# ASL360 Surround View System

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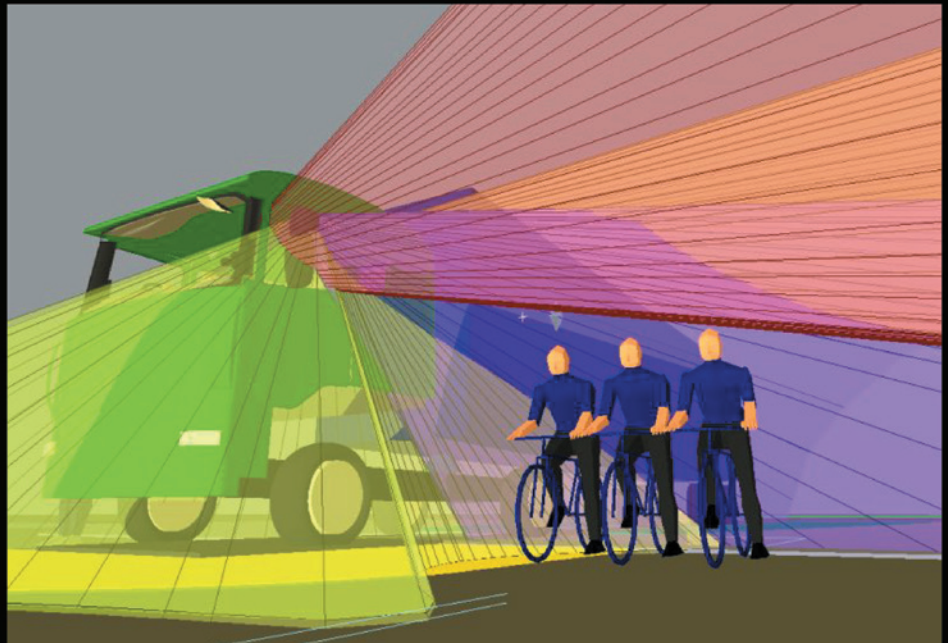
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**Brake identified ASL Vision's ASL360 Surround View Camera as the BRAKE 2012 Fleet Safety Product Award Winner**



In the above image, the cyclist is completely invisible to the driver.



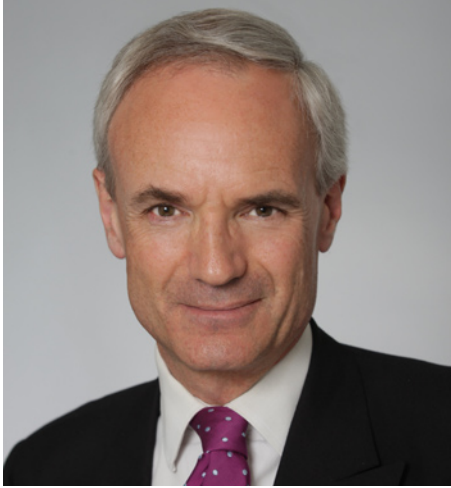
With ASL360, the cyclist (circled) is in clear view.

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# London: the city that never rests

We will continue to plan in interesting times in 2013, thinks Roger Hepher of Savills



Hepher: expect more change

If you thought 2012 – the year of the Localism Act and the NPPF – was a busy year in planning, don't expect 2013 to provide any respite. With a government bent on continued reform of planning, and a re-enfranchised mayor ambitious to make London "the best big city on Earth", we can expect much more change. Let's ponder some of the things that are on the cards.

The NPPF already contains a presumption in favour of sustainable development, and we have already seen an upturn in successful appeal outcomes as a consequence. In March, the presumption will assume even greater force, when the 12 months of grace for councils without up-to-date development plans comes to an end. At around the same time, the London Plan is due to be modified to make it fully NPPF-compliant. All of this is filtering down to borough level, and encouraging a glass-half-full approach towards development – albeit some boroughs and some individuals are more receptive than others.

The Growth and Infrastructure Act is due to come into force during the first half of 2013. Will one of the boroughs (possibly one beginning with H?) be amongst the 20 or so due to be put into special measures and have planning powers transferred to the Planning Inspectorate? The Act also holds out the prospect of (amongst other things) NSIP (Nationally Significant Infrastructure Projects) procedures being extended to a wider range of infrastructure projects. This might include for instance, large sports stadia and major

office developments. It also includes the ability to appeal Section 106 agreements where development is held up by excessive affordable housing requirements, and more freedom for councils to dispose of surplus land.

There's a raft of measures about which the Government has consulted, but appears not to have finally decided what to do. This includes permitted development rights to change from Class B and from hotels to residential; two year temporary use without planning permission; and reducing the period for appealing Section 106 agreements generally.

Lord Taylor's review of planning guidance is concerned with cutting excess paperwork. However, he makes a number of recommendations about new areas for guidance, and these provide pointers to what may be in store. The list includes Local Green Space designation, environmental quality, neighbourhood planning, duty to co-operate, water supply and viability. The Red Tape Challenge spotlight is due to hit planning in the early spring, which will shake things up some more.

In London, viability is a particularly fraught subject, with little consistency in the methodology adopted, and much argument. It also rears its head in the context of borough CIL schemes – more than 20 of which are due to be adopted during 2013. The art of area-wide viability testing is not well developed, and there is much scope for creating unintended consequences – desirable development being squeezed out, or councils left out-of-pocket and infrastructure not provided.

Another fraught subject is Affordable Rent housing, with a number of boroughs attempting to swim against the strong current of government and mayoral thinking. Expect more skirmishes in 2013, with the mayor and planning inspectors all taking a robust line.

A number of neighbourhood plans are being prepared, and we might see London's first examined during the year. Given that some appear to be more about preserving the status quo than embracing the presumption in favour of sustainable development, it will be interesting to see what happens.

There is going to be a focus on the Central Area in 2013. Westminster Council's West End Commission is due to report, and the GLA are due to publish SPG on the Central Activities

Zone. Many will be keen to see what is said about striking the right balance between residential and commercial uses. The GLA is also due to produce SPG on town centres, following the current investigation by Sir Terry Farrell and others for the London Assembly.

The Mayor is preparing a new Strategic Housing Land Availability Assessment (SHLAA). This assumes greater urgency in light of the latest GLA projections which show London reaching the touchstone "previous peak" population level (8.6m) in 2019, rather than 2026, with growth continuing. We can expect to see measures to encourage housing development.

Big housing growth requires big infrastructure, and there are a number of things in prospect. Crossrail is of well under way, and the Northern Line extension looks as though it has got to the starting blocks. The future of HS2, the Thames Tideway Tunnel and further east London river crossings, is still to be resolved. Meanwhile, politicians continue to prevaricate over expanding London's airport capacity. The London Assembly is due to issue a report in the spring, and the Government's adviser, Sir Howard Davies, is now expected to issue an interim report by the end of the year, so there will be plenty more debate in 2013, though a decision still seems depressingly remote.

While the planning system constantly re-organises itself, central area development pressure continues to increase, often fuelled by overseas capital. There are some very big schemes on the cards: major development at King's Cross, Battersea Power Station/Nine Elms, North Southwark and Earl's Court is all more-or-less in the bag; major schemes at the Shell Centre, Wood Wharf, North Southwark (again) and the Royal Docks (to name but a few have yet to jump the hurdles, and others are lining up in the wings. A sceptic might question whether – despite the sterling efforts of planners at City Hall and in many of the borough town halls, and all the rhetoric about plan-led planning – the planning system can really hope to be ahead of the game. That, perhaps, is the challenge for 2013. ■

**Roger Hepher is Head of Planning and Regeneration, Savills**



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# Confidentially, viability is the key...

Pinsent Masons round up significant appeals of 2012 and spot trends for 2013

Last summer the Secretary of State granted permission for large-scale development at the **Vauxhall Island Site, Lambeth**. The appeal was made by Kylum Limited for a mixed use development of two towers 140 and 115 metres high. Although the proposals were deemed to have material considerations weighing against them, with a shortfall in amenity space a particular concern, the otherwise substantive compliance with the development plan resulted in permission being granted.

Whilst the scheme itself resulted in a shortfall of amenity space, this was compounded because it was in an area already lacking amenity space. The inspector's view was that the shortfall was not a reason in itself for the proposals to be rejected. Economic conditions also came into play with the affordable housing provision of 17%, which was substantially below the policy aspiration of 40%, being deemed as the most the applicant could do in the economic climate.

Continuing the theme of tower developments, a 25 storey tower on **Hornsey Road, Islington** was granted permission on appeal in October 2012. The appellant, Ashburton Trading, made an application for the mixed use tower development including 450 student bedrooms. Islington refused permission on the basis that its core strategy policy CS9 provides that buildings over 30 metres are "generally inappropriate to Islington's predominately medium to low level character".

The Inspector stated that the word "generally" allowed for the possibility of tall building development in areas not of medium to low level character. The Inspector considered the area of site was of a predominately tall character and therefore a building of over 30 metres in height would not be contrary to the character and therefore not inappropriate or in conflict with policy CS9.

The proposals were also deemed to comply with a number of policies in the National Planning Policy Framework (NPPF). This case highlights that tall development continues to be controversial and its acceptability or not will turn on policy wording in the local plans.

In nearby Tower Hamlets, the NPPF were important to the decision by the Mayor of London to grant permission for the redevelopment of the **London Fruit and Wool**

## Exchange in Spitalfields.

Exemplar Properties' application for the office led redevelopment of the Fruit and Wool Exchange building was resolved to be refused by Tower Hamlets against the recommendation of officers in June 2012. The NPPF, with its emphasis on building competitive economy, was an important factor in the Mayor's decision to grant permission following his call-in. The GLA report states that the proposals would be expected to generate an uplift of approximately 2,300 jobs. In light of the NPPF and the Growth Agenda we can expect to see similarly strong levels of weight given to schemes that would create jobs.



Authors: Iain Gilbey, Jamie Lockerbie and Susanne Andreassen, Pinsent Masons' London Planning Team

Another controversial scheme in Walthamstow, resulted in a decision that has very important implications.

In May 2012 Walthamstow granted permission for London & Quadrant's (L&Q) plans to redevelop the **Walthamstow Greyhound Stadium**. Following this decision an opposition group, Save our Stow, submitted a request under the Freedom of Information Act to obtain L&Q's viability assessment.

The council refused, citing confidentiality, but later made a redacted version available, omitting costs and income analysis.

A decision by the Information Commissioner's Office (ICO) said that the council had failed to justify withholding the information. The ruling by the ICO was made despite the fact that the council had argued that it had substantial grounds to believe that disclosure of the information would adversely affect L&Q's legitimate economic interests.

The Commissioner said he did not consider the council had explained how disclosure of the information would result in harm being caused to L&Q's economic interests.

This case highlights the care that needs to be taken when a developer discloses a viability report that contains confidential information.

The fundamental driver to the objectors' request for disclosure was L&Q's offer to provide 20% affordable housing despite a policy target of 50%. In this case L&Q argued that 20% affordable housing was the maximum viable level that could be delivered.

Viability will remain a key issue in relation to planning in London in 2013. The issue will increase in importance as more and more boroughs start to charge the community infrastructure levy (CIL). In 2012 we saw the first London planning authorities adopt CIL, these being the Redbridge and Wandsworth and the Greater London Authority.

Subject to certain legal restrictions and tests, the London boroughs can demand "scaled back" section 106 planning obligations as well as the CIL. Taking into consideration that affordable housing can, at the present time at least, only be secured via section 106, there will be many developments that will be caught by both demands.

Bearing in mind that the CIL charge cannot be negotiated, many developers, in order to make their schemes viable, will be forced to reduce their affordable housing offer. If the reduced offer is pitched at a level that is unacceptable to the borough it is easy to see how the ensuing refusal would invite an appeal on viability grounds linked to a failure to provide appropriate levels of affordable housing.

In summary, in 2013 we expect appeal activity to focus on the inherent tensions between the drive for growth embedded in NPPF and local and strategic (London Plan) policy requirements, the actual or perceived failure of London boroughs to adequately scale back s106 obligations as a counter-balance to increasing CIL burdens, and the need to unlock increasingly complex viability and overage discussions around affordable housing, particularly on complex schemes. ■

Kylum Ltd v London Borough of Lambeth – Appeal reference APP/N5660/A/11/2157961

Ashburton Trading Ltd v London Borough of Islington – Appeal reference APP/V5570/A/12/2171435

Mayoral call-in - Greater London Authority Application reference PDU/1018a

Information Commissioner's Office Decision reference FER0449366

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