

Just Space Economy and Planning (JSEP) 4th Bi-monthly meeting
AFFORDABLE WORKSPACE

27th January 2014, 18.30-20.30, Bootstrap Company (The Print House, 18 Ashwin Street, E8 3DL)

BACKGROUND NOTE

Jessica Ferm, Teaching Fellow, Bartlett School of Planning, UCL (Jan 2014)

Introduction

Amongst many neighbourhood forums and business groups in London, there is growing interest in the issue of how to either protect or provide space for low-value or small businesses, in the face of either gentrification or pressure for redevelopment. There is concern from both residents and businesses alike, and it appears to be a particularly acute issue in London where land values are high and there is such a huge difference between the value of land for industrial/business use and for residential use, which fuels development activity.

Are there relevant policies to protect or secure affordable workspace in London?

The London Plan and all London authorities have policies on protecting employment land, which provides a natural resource of relatively affordable workspace. However, in the face of pressure for housing development to meet housing targets, there is an acknowledgement that we cannot rely only on protectionist policies and we need a way to proactively secure relatively affordable workspace in the context of new development.

There are currently no 'boroughs should' policies in the London Plan relating to affordable workspace. Policy 4.1a indicates that the Mayor will work with partners to ensure 'the availability of sufficient and suitable workspaces in terms of type, size and cost.' So the London Plan doesn't preclude boroughs requiring a % of workspace as affordable, but stops short of requiring all boroughs to have an affordable workspace requirement. However, the need for affordable space is stressed in sections relating to industrial premises, creative industries, small shops and 'innovative' firms.

Several boroughs (namely Hackney, Islington and Camden) have planning policies which require the provision of affordable workspace. These policies typically require the provision of a % of new floorspace, or an 'appropriate amount' of floorspace, to be affordable in major development schemes for a specified lease term. Financial contributions for off-site provision are typically permitted if on-site provision is not possible. Affordable workspace is expected to be managed by a registered affordable workspace provider. Other planning authorities (such as the London Thames Gateway Development Corporation) have taken a different approach to try and negotiate affordable workspace in perpetuity.

Are these policies working?

Early research undertaken in London by Dr Jessica Ferm at UCL suggests that in practice affordable workspace policy mostly benefits higher-end creative businesses and artists, rather than lower value manufacturing and creative industries, start-ups and voluntary organisations. In one of the cases studied, a redevelopment scheme incorporating affordable workspace actually directly displaced tenants benefitting from much lower rents. There is also evidence that many developments with negotiated affordable workspace are either failing to appoint workspace providers and are reverting to market rents, or they are failing to deliver genuinely 'affordable' space and often for only relatively short periods of time. The most successful schemes are those delivered in partnership with relatively established artist studio providers, who form early partnerships with developers and negotiate long lease terms. Jessica will share some of her key findings at the meeting.

Experiences of local businesses and business organisations

There are a number of neighbourhood forums with business representation in London, who are becoming interested in the issue of affordable workspace. However, input into consultations on local authority planning documents or employment issues in the London Plan is at best piecemeal and there is little coordination between these groups and the often shared issues they face. There is also a huge range of workspace providers operating in London, only some of which are currently involved in delivering affordable workspace through the planning system. There is a wealth of experience and knowledge within these organisations, which would be useful to draw on. Sara Turnbull, Chief Executive of Bootstrap in Dalston, Hackney, will speak at the next meeting about some of the challenges of delivering and managing affordable workspace for small businesses and how the planning system and policy more generally could support their work. Just Space will also be beginning to work with students at UCL to map existing and potential affordable workspace in Hackney.

Issues to be explored and discussed

- Which types of businesses and activities are we seeking to support and why?
- What type of space do these businesses want, and where? What support do they require?
- Is it appropriate for affordable workspace to be delivered in a mixed use context (i.e. with housing)?
- How can we prevent displacement of existing low cost space?
- Is the policy (as currently framed) likely to be successful? And what can we do specifically about Hackney's proposed policy?
- How can it be improved, or what are the alternatives?
- How important is the role of protected employment land?
- How can we bring businesses and voluntary organisations into the planning policy process and the work of Just Space?

Moving forward

In the short term, the examination hearing on Hackney Council's Development Management Document (part of its Local Development Framework) is imminent. Within it, there is a policy on affordable workspace:

Proposed Policy DM16 - Affordable Workspace

The Council will seek 10% of the new floorspace within major commercial development schemes in the Borough, and within new major mixed-use schemes in the Borough's designated employment areas, to be affordable workspace, subject to scheme viability.

The Council's preferred sliding scale is 60% of markets rents from years 1 to 3; 80% from years 4 to 6; and 90% from years 7 to 10, subject to negotiation.

During the consultation phase, there have been representations from planning consultancies (DP9, CMA Planning, Barton Willmore), who represent developers, and from Just Space, which is seeking to provide a voice for the local business and residential communities who are otherwise not active in responding to such consultations. The Council's response to the comments has been very weak, with very little changes proposed to the policy. Just Space wishes to coordinate a stronger response for the examination hearing and proposes a small working group to take this forward. Building on this experience, we could then provide an input into other local authorities' planning documents. In the medium term, we may wish to consider what research needs to be done (or evidence marshalled) in order to effectively inform policy on employment land and affordable workspace at a higher level and feed into the next iteration of the London Plan.