

Bartlett School of Planning  
University College London  
4<sup>th</sup> Floor, Wates House  
22 Gordon Street  
London WC1H 0QB

Mayor of London  
Greater London Authority  
City Hall  
The Queen's Walk  
London, SE1 2AA

10 April 2014

Dear Mr Johnson

**Further Alterations to the London Plan**

Thank you very much for the opportunity to comment on the Further Alterations to the London Plan. I herewith enclose my submission, which is largely based on research on employment and planning issues in London undertaken over the last seven years, particularly around the issue of affordable workspace. My PhD thesis titled "Affordable Workspace: A critical examination of planning policy and implementation in London" was completed in November 2011 and has informed subsequent publications and conference papers. I am currently working on the early stages of a research project on London's employment land (together with Edward Jones, also at UCL), with input from and close involvement with the Just Space Economy and Planning (JSEP) group, of which I am a member. Evidence from my research has formed part of JSEP's separate submission. Some elaboration is provided in this independent submission.

Yours sincerely



Dr Jessica Ferm  
Teaching Fellow, Bartlett School of Planning, UCL

**FURTHER ALTERATIONS TO THE LONDON PLAN**  
**COMMENTS ON PROPOSED ALTERATIONS**  
**DR JESSICA FERM, UCL**

**Overall comments**

The further alterations to the London Plan are largely driven by the updated predictions of London's population growth and the more pressing need to accommodate more housing in London. The stated underlying philosophy is "to seek to accommodate growth within the capital's boundaries and without intruding strategically on its protected green and open spaces". The strong impression given in the Plan is that it is London's industrial sites and outer London town centres that will largely accommodate this growth. I believe this is a flawed approach, which will be explained below, and one which will risk undermining three of the six strategic objectives set out in Chapter 1 and in particular will not help to "tackle the huge issue of deprivation and inequality among Londoners". There is a need to discuss the range of options to accommodate further growth, including (as suggested by Just Space in its submission) reviewing the green belt, suburban density standards, and working with authorities outside London on a housing strategy which acknowledges the travel to work distances of people working in London, but living outside the city. Continuing to erode London's employment land to accommodate more housing growth risks undermining London's economic health, and the well-being of Londoners.

Throughout the Plan, there is mention of the need to provide 'adequate' or 'affordable' workspace for businesses of different sizes, including small and medium sized enterprises, to accommodate London's growth. This is welcomed, but without definitions or explanations of what 'adequate' or 'affordable' workspaces actually mean in practice, this is counterproductive. First, we need to make the important distinction between existing and new affordable workspaces. Existing workspaces (industrial, office, studio, retail), may be considered affordable by its occupiers due to either its location (e.g. a designated employment area, a railway arch, or secondary office location), the flexibility of the leases and/or space arrangements, its small size, or its very basic fit-out. I assume that, given the proposals for high density housing in the Plan, it is envisaged that much of the affordable workspace mentioned will be 'new' affordable workspace delivered within mixed use developments. My research has shown that, in Hackney (where affordable workspace policy has been in operation since the early to mid 2000s), existing affordable workspace in designated employment areas is being lost in greater quantities and far more quickly than it is being provided through 'affordable workspace' being delivered through S106 agreements in new developments. Importantly, it is not replacing like-with-like. In other words, the types of jobs that are lost are not being re-provided in affordable workspaces within new developments. This was illustrated clearly by the workspace provider-developer of a redevelopment scheme in Wandsworth:

*Let's make no bones about it. We'll be taking rents from let's say £10 or £12 per square foot to say £20. So, you know the types of tenants who will be paying £10 to £12 will probably move to somewhere else which we can give them which is also the same level of quality and they'll pay the £10 or £12 a foot. If you then said 'come back and pay twenty'... it may be that we're just not targeting those businesses anymore, we're looking at a different type of business.*

'New' affordable workspace should be promoted with caution and must be treated very differently to existing affordable workspace. My research shows that:

- New affordable workspace differs hugely in cost to the occupier. The S106 mechanism tends to control the cost of the lease to the workspace provider, **not** the end user. Therefore, depending on the organisational objectives of the workspace provider, rents vary hugely (from £9psf to £32psf).
- Negotiated leases are often short – between 5-15 years, meaning that any ‘affordability’ is very short lived.
- It tends to benefit a very narrow segment of businesses, mostly creative or knowledge-intensive businesses (and artists), and mostly more established businesses rather than start-ups.
- a significant proportion of schemes with negotiated affordable workspace are not successfully appointing workspace providers to manage the workspace, with space often being let on the open market.
- where workspace providers are appointed, they have different interpretations of affordability, ranging from: subsidised (heavily or partially), flexible, value for money, bottom of the market. The interpretation of the workspace provider depends on its organisational objectives – whether it is a commercial provider (with liabilities to shareholders), a social enterprise or charity (using income from workspace to fund other activities), or a charity (whose objective is to subsidise workspace for a target group). These distinctions do not tend to be appreciated by local authorities developing planning policies on these issues.
- Affordable workspace delivered within new mixed use schemes is unattractive to a broad range of existing workspace providers in London, either because it is not considered ‘affordable’ enough for them to take on, or because the quantum of workspace is not sufficient to establish the economies of scale and networking opportunities that they require to make their business models work. Therefore many existing workspace providers across London are not able to benefit from new affordable workspace coming forward.

The **key message** is that there is a place for new affordable workspace, and it is providing benefits to some businesses and artists in many locations in London, however, it should NOT be seen as an effective tool to counteract the loss of existing affordable workspace in London. The diversity of types of workspaces that currently exist is vital to accommodating the needs of London’s diverse economy, which was acknowledged in the London Office Policy Review 2012. Retention of the diversity of stock is crucial if we are to accommodate the expansion needs of London’s existing workspace providers, and therefore support a broad range of small and growing businesses.

With this in mind, I would like to make the following specific comments and recommendations with regard to policies:

## **CHAPTER 2: LONDON’S PLACES**

### **Inner London**

*Policy 2.9A and Para 2.38:* I welcome the addition of wording which introduces some recognition of the need for workspaces of different kinds within Inner London ‘for the area’s changing economy’. However, this should be strengthened significantly to explicitly reference ‘affordable workspace’, and to acknowledge that low-cost office, industrial and studio workspace is presently being lost in all parts of London, but particularly in inner London due to conversion or redevelopment for housing, risking damaging London’s economy. Additionally, as discussed in relation to the alterations to Policy 4.10 and supporting text in Chapter 4, affordable and appropriate workspace is needed for all sectors of the London economy, not just those presently highlighted in 4.10 as new and emerging sectors. I suggest therefore that the alteration to Policy 2.9A is amended to ‘ensuring the availability

of appropriate and affordable workspaces for the area's economy' and that reference is made to the problem of loss of existing affordable office, industrial and studio workspace in paragraph 2.38.

### **Opportunity areas and intensification areas**

*Policy 2.13:* The addition of further new Opportunity Areas is not supported, particularly where these include SIL and other employment sites. The designation of an Opportunity Area has an immediate impact on land values, in that expectations are raised that employment sites will be permitted for mixed use or residential redevelopment. Even if wording is improved (see suggestions for Para 2.61) to increase the emphasis on employment and jobs within opportunity areas, as opposed to housing, there is still likely to be a displacement effect on existing employment in those areas, as rents rise or developers run down leases in anticipation of redevelopment (see JSEP's submission for evidence on this, as well as comments on Chapter 4 below). It is therefore recommended that proper adequate research and public consultation is undertaken prior to designating new Opportunity Areas, which would include undertaking employment land reviews as well as social impact assessments of the proposals.

*Para 2.61:* I suggest the amendment at the end of para 2.61 is extended to confirm that Opportunity Areas and Intensification Areas are expected to make significant contributions towards providing housing *and employment* to meet London's needs - it is not clear why only housing is currently mentioned, as these areas are intended to provide new homes and new jobs. Focusing solely on housing risks eroding employment land which currently provides many jobs for Londoners being lost in order to provide new high density housing, thus creating increasing unemployment, and missing the opportunity to support the growth of existing local economies in Opportunity Areas and Intensification Areas. There is also a real concern that, even if new jobs are provided, these will be of a very different type to those that are existing.

## **CHAPTER 4: LONDON'S ECONOMY**

General comments:

The flexibilities proposed in this chapter risk worsening existing problems of workspace affordability in London, highlighted in the GLA's own reviews of office and industrial land.

Evidence from my research confirms many anecdotal reports that planning policy on protecting employment land is circumvented by developers. It particularly shows that the provision of 'affordable workspace' within new, mixed use developments on employment land is actually being used by both developers and planning (development management) officers in their justifications for loss of employment floorspace. One example within a planning committee report in Hackney is provided below:

*The acceptability of allowing residential use in a DEA is reinforced in this case by the fact that the employment use proposed is B1 (offices), which by its nature can be situated alongside residential use without detriment to the latter... Furthermore, the B1 floorspace would be affordable workspace.<sup>1</sup>*

---

<sup>1</sup> Paragraph 6.1.5, London Borough of Hackney (2006) *Oak Wharf, Timberwharf Road, London N16 6DB*. Application number 2006/3009. Report for Planning Committee 18 October 2006. [WWW document] URL <http://www.hackney.gov.uk/committee-reports-archive.htm> (accessed 20 February 2009)

Given the problems identified with regard to delivering new affordable workspace using this model, this suggests that the provision of affordable workspace could be exacerbating the problem, by giving the impression that any loss of employment land or jobs has been adequately compensated for by the provision of affordable workspace in the new development. In reality, this is far from true and once lost, this employment floorspace cannot be regained. Furthermore, it will give hope to other landowners and developers in the area that similar change of use can be achieved.

*Para 4.2:* I am concerned that the emphasis of this chapter on “providing a policy base for innovation, **development, growth and investment**”, risks undermining the Mayor’s objectives as stated in para 4.1 to “help tackle the huge issue of deprivation and inequality among Londoners”. This paragraph should acknowledge the need for policy to also promote economic diversity and equality. Overall there is a lack of understanding of (a) how the different sectors (office, industrial, retail, culture and leisure) are interconnected and co-dependent, and (b) the dynamic nature of economies and clusters, which will generate increasing demand for employment outside the CAZ over time.

*Policy 4.2Ae and para 4.13A:* The commitment to monitor the impact of the government’s liberalisation of permitted development rights should be considerably strengthened if it is to have any effect: for instance, how will this be monitored and what would be the trigger points for reviewing the existing exemptions? The London Office Policy Review 2012 already shows negative impacts on SMEs and the diversity of office stock. It states that London boroughs are already concerned about the cumulative loss of small units, which serve different markets compared to the new office space developed, and that these small units form part of a diverse stock of premises that support local SMEs in comparatively low cost accommodation, which cannot be replaced through new office stock. The loss of this stock will disadvantage small, local businesses<sup>2</sup>.

A much more extensive exemption zone is likely to be needed if this liberalisation is not to do serious damage to London’s economy through the loss of existing affordable office space, and would like to see a commitment to consider this in the near future. See also response to Policy 2.9 (and supporting text).

It would also be prudent for the Plan to acknowledge the government’s intention to extend permitted development rights for changes of use from retail and industrial uses to residential, and that any future impact of such proposed changes also be monitored. This monitoring needs to include data on rent levels and on the SIC categories in which firms operate - which it is understood would add variables to the LDD through which the monitoring would be done.

*Policy 4.3Bc and d: and para 4.17a:* I welcome recognition of the importance of small scale and local offices, but suggest this should also be applied to Inner and Outer London, not just to the CAZ, if problems of lack of affordable workspace are to be eased. The London Office Policy Review 2012 suggests there is a structural decline of office centres in outer London, but I caution against assuming it would therefore be suitable to allow permitted development to residential in all these locations. Given differential land values, once office floorspace is lost, it is very difficult to get it back. We have already seen how many inner London centres, such as Dalston town centre, which were previously not in demand for office use, are now becoming more popular and they are being brought into the City Fringe in policy terms. A long-term approach and vision for the capital is required, acknowledging the dynamic nature of clusters, their survival and formation in different locations. Given the evidence provided on the difficulty of successfully securing affordable

---

<sup>2</sup> See paragraphs 8.11 and 8.11.8 of the London Office Policy Review 2012.

workspace within new developments, and the likelihood that land values in the CAZ are only going to rise, we need to acknowledge the future economic role that centres in inner and outer London might play in the future and be more careful about protecting the diversity of the stock we already have across London. Within the CAZ and elsewhere, I also caution against offsetting loss of office space with provision of new office space, in light of the evidence that this tends to be considerably less in quantity and more expensive.

*Para 4.21:* The reduction in the target for release of industrial land from 41 ha to 37 ha per annum is a move in the right direction, in light of the fact that more than twice the present target has been released in recent years (2006-10). However, we consider that in this regard the plan is not fit for purpose, as it does not address the question of why loss has so substantially exceeded the targets, which is discussed in the GLA's most up to date Industrial land release benchmarks study. Much more strenuous protections are needed if the release of industrial land is going to be slowed, even to present London Plan targets, let alone the further reduction proposed in the alterations. The ongoing managed release of industrial land proposed in the London Plan is predicated on forecasts of manufacturing decline, which in turn are based on past rates of decline in industrial employment. However, we believe a different approach is needed, based on the reasoning below.

First, there is evidence that the loss of manufacturing in expensive world cities is not primarily due to deindustrialisation, but to real estate speculation for higher value uses, primarily residential conversion<sup>3</sup>. There is evidence this has happened and is happening in London, both to make way for residential conversion or development or for higher-value commercial uses through a process of residential and industrial gentrification<sup>4</sup>.

Second, the 2011 Industrial Land Release study by Tym & Partners suggested that only one third of jobs on land designated for industrial uses in London fell within industrial sectors. Similarly, the GLA's Land for Industry and Transport SPG 2012 states that although London's employment in manufacturing is only 3%, London's industrial areas accommodate 11% of London's total employment. This suggests that there is lots of other economic activity taking place in industrial areas, apart from manufacturing. These include companies that require hybrid office/industrial space, as discussed in the LOPR 2012, but also industrial premises and land provides flexible space for a range of activities including a range of start-ups, cultural, faith, artist studios and creative uses.

Third, this quantitative approach does not support a more nuanced and qualitative understanding of the role of different industrial areas, their importance to London's wider economy, linkages between firms, and the potential impact of cumulative changes of use on existing activities. For example, the recent experience of businesses that were displaced due to the Olympic Games, has highlighted the importance of local linkages (suppliers, customers and employees) for businesses displaced by the Games<sup>5</sup>. Other potential benefits include supplying goods to local shops and restaurants in nearby town centres, servicing the City, and contributions of workers to the economies of local town centres<sup>6</sup>.

---

<sup>3</sup> Winifred Curran (2007) 'From the frying pan to the oven': Gentrification and the experience of industrial displacement in Williamsburg, Brooklyn. *Urban Studies*, 44(8), pp.1427-1440.

<sup>4</sup> Jessica Ferm (April 2014) Working Paper: 'Preventing the loss of affordable workspace through gentrification and industrial gentrification'.

<sup>5</sup> Raco, Mike, and Emma Tunney.(2010) "Visibilities and invisibilities in urban development: small business communities and the London Olympics 2012." *Urban Studies* 47.10: 2069-2091.

<sup>6</sup> see UCL's research project on Adaptable Suburbs led by Professor Laura Vaughan <http://www.ucl.ac.uk/adaptablesuburbs/>

*Para 4.23:* The alterations to para 4.23 shift policy in the opposite direction, suggesting that release of industrial land should be focused around public transport nodes and should enable high density housing development. This is likely to push up the value of such industrial land, making its conversion to housing more profitable for owners and developers, thereby making redevelopment for other uses less viable, and placing further pressure on borough planners to grant planning permission. Additionally, alterations to para 4.23 could also have the effect of disconnecting industrial land from housing, neglecting the continuing interconnections between housing and industry. Industrial activities have naturally located close to waterways, railways and roads. Employment has then established a workforce which has, in turn, led to local housing. These contribute strongly to the generation of transport nodes; thus concentrating new housing in these areas will rapidly erode employment land, industry and employment. It also impacts on the provision of goods and services on which local communities depend, including new communities. Builders suppliers, car repairers and breakers, specialist trade supplies, such as plumbing and electricians, ethnic minority food wholesaling/ cash and carry operations are among the essential but largely undervalued services that are contained within industrial estates. Businesses occupying industrial land in London often employ local people. Losing this land therefore means losing these jobs, which are not usually taken into account in calculating the jobs delivered through new developments.

In conclusion, it is suggested that targets for release are substantially reduced and the alterations to 4.23 removed. In addition, it is proposed that further alterations to Policy 4.4Aa and supporting text are amended to reflect the fact that industrial land provides a stock of land and premises for a wide variety of different existing and future economic activities, including hybrid uses, and some cultural and social activities. Importantly, it provides a diverse and affordable stock of land and premises. The text should also be amended to reflect the fact that boroughs need to be supported to make decisions based on both quantitative and qualitative evidence, and that the full economic, social and environmental sustainability implications are considered when making policies and assessing applications.

---