

Written evidence submitted by the City of London Corporation [NPP 41]

Introduction

1. The City of London is a globally important financial and business district, and as such is subject to distinctive planning considerations. The Government's drive to improve the supply of housing is laudable, but it is important to make sure that it does not inadvertently undermine the protections in place for important commercial areas such as the City. This memorandum first summarises the planning context in which the City operates, and then addresses certain specific concerns raised by the Government's current consultation.

The planning context

2. A particularly high scale and density of office-led development is required to sustain the "critical mass" of commercial activity which drives the City's success. The City Corporation is planning for the addition of 1,300,000 square metres of office floorspace in the Square Mile over the next ten years. With this comes a need to exercise careful control over new residential development, in a way that may not be the case elsewhere. Such control is necessary in order to maintain existing office floor-space, preserve redevelopment potential (which could otherwise be stymied by long residential tenancies), and avoid potential conflict between the needs of residential and commercial occupiers.
3. The special considerations applying to the City are recognised in the planning framework. The City's Local Plan (adopted in January 2015) contains specific protection against the loss of suitable office space and against residential development inappropriate to the City's commercial character. This approach was expressly endorsed by the Planning Inspector appointed to consider the compatibility of the Plan with national policy. The London Plan, meanwhile, specifically acknowledges that the balance between homes and offices should be adapted "to sustain strategically important clusters of commercial activities such as those in the City of London" (Policy 4.8). The Coalition Government recognised the position of the City when including it among the areas exempted from permitted development rights to convert offices into housing, on the basis of its national economic significance.
4. This does not mean that the City Corporation is unsympathetic to the need to deliver more housing. Indeed, the Corporation recognises housing as one of the most pressing issues facing London's economy. It has recently set out plans to deliver 3,700 new homes on its own land between now and 2025. The planning considerations described above do mean, however, that most of this contribution will necessarily be made outside the boundaries of the City (whether on social housing estates in neighbouring London boroughs or on other land). Limited housing development may be possible within the City, but only on smaller sites in carefully defined areas away from core commercial activity.

5. The City Corporation sees no reason why national planning policy cannot combine a general objective to promote housing with sensitivity to the particular needs of leading commercial districts such as the City. This does, however, require careful drafting, with potential unintended consequences borne in mind and suitable flexibility incorporated where needed.

Specific issues in the consultation

Commuter Hubs

6. The City Corporation considers that the proposed definition of “commuter hub” is too wide. It would appear to encompass every significant rail or tube station regardless of whether or not it would be a suitable place for commuters to reside. It is necessary to distinguish between transport hubs where commuters are likely to start their journeys (‘origin hubs’) and those where they are likely to end their journeys (‘destination hubs’). The latter are likely to be situated in areas of valuable employment use, where increased residential density may not be an appropriate or feasible goal. This is certainly true of the stations in the City. The proposal therefore needs to be refined so that it does not bring national policy into tension with the protections in place for the City’s role as a commercial district.

Brownfield land

7. All development in the City takes place on ‘brownfield’ land, *i.e.* land that has been previously developed. A presumption in favour of housing development on brownfield land would therefore bring national policy into tension with the protections in place for the City’s commercial function. Although the consultation suggests that the presumption could be displaced, this would only be in the case of “overriding conflict” with the Local Plan that could not be “mitigated.” The meaning of these expressions, and the degree of protection they would afford, is not clear, and may have to be worked out through the appeal process. The City Corporation notes that national policy already offers significant encouragement for housing development on brownfield land, and doubts that anything further is required (on top of the measures being pursued in the Housing and Planning Bill). If any change to national policy is adopted, though, it should be made clear that it does not override local protections for important commercial areas such as the City.

Small sites

8. Similar considerations apply to the proposals on small sites. Most future residential capacity in the City is likely to come from small ‘windfall’ sites, and there are considerable benefits associated with such development. National policy is however a blunt tool which, if too strongly formulated, risks undermining important local policies such as those in place to protect the commercial function of the City.

Housing delivery test

9. The proposed 'housing delivery test' fails to recognise the limits of the role of the planning system. Local planning authorities are responsible for identifying development that is beneficial to their areas and appropriate in planning terms, but not for the actual carrying out of development. That is a matter for developers and landowners, and will be guided to a large extent by market circumstances. Any test for local planning authorities should be confined to matters that are properly within the purview of the planning system, such as the allocation of sites, the granting of planning permission and the discharge of conditions.
10. In a small, densely developed area such as the City, a requirement to allocate further sites for housing in response to a notional 'under-delivery' could lead to residential development in inappropriate locations, thereby undermining the protections in place to protect commercial function of the City. In any event, the proposed two-year assessment period is too short. It is susceptible to distortion by short-term fluctuations, and would place additional pressures on planning departments by effectively requiring rolling reviews of Local Plans.

Unviable or underused commercial land

11. The City Corporation considers that the proposed measures to encourage the construction of starter homes on unviable or unused commercial land would be inappropriate to the circumstances of the City, and risk seriously undermining the protections in place for its commercial function.
12. As noted in paragraph 2 above, the direct loss of office space to housing is only one of the reasons that justify a cautious approach to residential development. Other reasons, which may in practice be more important, are that the presence of *ad hoc* residential units (usually let on long leases) can stymie major redevelopment projects, and that the needs of residential occupiers may not be compatible with those of large commercial occupiers (for instance for 24-hour maintenance work, deliveries or servicing). The fact that a particular office building may not be viable or fully used does not mean that it can appropriately be converted to residential use without regard to the nature of the surrounding area. The proposals in the consultation overlook this important point. They would bring national policy into conflict with the City's Local Plan, which provides that new residential development should not inhibit commercial activity or development potential.
13. The proposed length of time for which commercial use could be protected (three years' disuse with the expectation of two more) fails to reflect the potential timescales for large commercial development such as that undertaken in the City. For example, the beginning of the financial crisis in 2007 and 2008 saw several large development projects in the City stall owing to a lack of finance and market confidence. The sites none the less remained suitable and, in the longer term, viable for large-scale commercial use. Although the delay in bringing the sites into use lasted in some cases for several years, large developments are now completed, under construction or being actively pursued on all of them. They will provide a substantial volume of new, high-

grade office space of the sort that is crucial to maintaining the competitive position of the City. A requirement to allow the sites to be switched to alternative uses such as housing would have sacrificed important economic benefits and undermined the City's commercial function. Such a requirement would also be in conflict with the City's Local Plan, which allows sites suitable for large-scale commercial development to be protected over long periods until appropriate development proposals are brought forward and market circumstances allow them to be implemented.

Transitional arrangements

14. The City Corporation considers that local planning authorities should be given a fair opportunity to revise their Local Plans in response to any new national policy context, rather than risk important local policies (which have passed a rigorous process of consultation and inspection) being deemed unviable or out of date. It will be apparent from the comments made above that some of the proposed changes could bring national policy into tension, or in some cases direct conflict, with important provisions of its City's adopted Local Plan. Accordingly, transitional arrangements should not be confined to the redefinition of 'affordable housing'. They should also extend beyond the proposed six-to-twelve-month period in order to enable a proper review to be carried out, provided that the local planning authority can demonstrate meaningful progress towards implementing the changes within that period. The precise length of time needed will depend on the content of the proposals ultimately taken forward.

Conclusion

15. The City of London is small in area but makes a vital economic contribution as the country's leading commercial district. The planning system plays an important role in maintaining this contribution. It is right in the current circumstances that national policy should encourage the provision of new housing, but this should be done in a way that is sensitive to the particular circumstances of areas such as the City, where the indiscriminate introduction of residential accommodation would not be in the national interest. For the reasons given above, the current consultation gives rise to a number of concerns in this respect. The City Corporation trusts that these can be addressed in a way that does not undermine the general objectives that lie behind the consultation.

February 2016