



PLANNING FOR LONDON PROGRAMME

BPF RESPONSE

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British Property Federation

1. The British Property Federation (BPF) represents the real estate sector – an industry which contributed more than £116bn to the economy in 2020 and supported more than 2.4 million jobs. We promote the interests of those with a stake in the UK built environment, and our membership comprises a broad range of owners, managers and developers of real estate as well as those who support them. Their investments help drive the UK's economic success; provide essential infrastructure and create great places where people can live, work and relax.
2. London has proven hugely successful at attracting talent, businesses and investment from across the globe. However, with other city regions' devolution arrangements now well established, coupled with the government's rhetorical ambition to 'level up', our capital city must ensure it remains a leader of best practice in regeneration and sustainability, accommodating housing of different types and tenures, building back greener and healthier, and providing the necessary employment land to support jobs and economic growth. As we emerge from the Covid-19 pandemic, the next iteration of the London Plan must have these broad principles in mind if the capital is going to retain its place as a leading world city.
3. A key piece of feedback from our membership is that going forward London wide planning policy needs to be more flexible and adaptable to allow greater diversity and resilience within the city to ensure it can evolve and continue to be a successful and sustainable place to work, live and visit for the long term. The Covid-19 pandemic has highlighted how we need to be able to react to changes in circumstances and too often planning policy is very slow to adapt and keep up with changes. For example, whilst certain locations may have previously primarily served as business districts, many now have growing residential components as well as a range of other uses. It will be important that the future London Plan recognises how London's built environment is evolving and include policies that will facilitate this positive urban change.
4. We have also received representations that the current London Plan policies are far too detailed. The leads to greater inefficiencies within the system with applicants spending considerable time cross referencing borough and wider London Plan policies to establish what policy means in practice. The BPF would argue that the next London plan should instead relentlessly focus on providing a strategic framework with the boroughs then working up the detailed application of policy locally.
5. As requested by the Greater London Authority (GLA), the rest of this response focuses on signposting to relevant evidence from the built environment sector which we believe should be informing how London is changing and in turn how the capital's planning policy should be evolving to support good placemaking.

Residential

6. In London, the government's new housing methodology formula calculates a collective housing need across all boroughs of 93,579 homes.

7. This is 140% higher than the 38,539 homes London boroughs delivered last year, according to the latest Housing Delivery Test statistics.
8. Four boroughs within London now have planning policy operating under the 'presumption', and five must provide a buffer supply of land. Delivery over the past three years by the boroughs and City of London varies between 43% and 296%. If all boroughs that had a shortfall had met the number of homes required, that would have meant an additional 11,500 homes for Londoners.
9. Any future London Plan should be trying to narrow borough' performances, through a combination of practical help and policies.
10. It is striking that most of the shortfalls across London are in outer boroughs. Part of the investigations for a future plan should be to explore why that is?

Build-to-Rent

11. The Build-to-Rent sector is fast diversifying housing supply across the UK and in London. Our latest quarterly Build-to-Rent [statistics](#), produced in partnership with Savills, show that as of Q4 2021 there are now 33,835 completed Build-to-Rent units in London, representing 25% growth from Q4 2020. The Build-to-Rent pipeline consists of 15,299 units under construction (a 15% reduction since Q4 2020) and 40,544 units in planning (an 11% increase since Q4 2020). Overall, the Build-to-Rent pipeline of units completed, under construction and in planning has grown 10% since the same time last year in London.
12. Whilst London's Build-to-Rent figures exceeded the Regions for many years, this has changed of late. The Regions now have more completed Build-to-Rent units (36,950) than London (33,835). In addition, the Regions have a far stronger pipeline in construction (26,820) and planning (58,729). Whilst overall growth of the Build-to-Rent sector is strong nationally, it appears to be slowing in London for several reasons that warrant greater collaboration between the GLA, London Boroughs and the Build-to-Rent industry to continue delivering high quality, professionally managed rented homes at pace.
13. Together with London First, the United Kingdom Apartment Association (UKAA) and Dataloft, we recently published the largest ever resident demographic study of Build-to-Rent – ['Who Lives in Build-to-Rent?'](#). The report analysed 89 schemes in England totalling over 20,000 residents in over 15,000 homes. The urban component of the data, constituting 15,887 residents, 12,404 homes across 49 schemes was benchmarked with tenants in the PRS, finding that BTR has a similar resident profile across income, profession, age and affordability.
14. The report found that BTR residents' incomes are broadly similar to those in the PRS – in the urban BTR sample, 32% of residents earn between £19-32k per year and in the PRS it is 37%. Across the urban data, one in five renters (18%) in BTR are public sector workers, providing affordable and secure homes

for key workers in the capital and across England's cities and town centres. Both BTR and the PRS house similar numbers of creatives, tech professionals and leisure workers.

15. The Office for National Statistics (ONS) considers housing to be affordable if tenants spend 30% of their income on rent. Monthly rental costs for couples and sharers living in BTR are 30%, aligning with the ONS' affordability benchmark, compared to 33% of monthly income in the wider PRS. For single renters BTR is on average fractionally more affordable than the PRS at 32% of monthly income vs. 33%.
16. In addition, Build-to-Rent typically provides more than just a home as part of a rental payment. 78% of schemes in the urban data had a roof terrace or shared garden, 73% have a concierge, 73% have social events, 69% have parcel acceptance and storage, and 61% have a co-working space.
17. The BPF, London First, UKAA and Dataloft will shortly be releasing a London-focussed affordability publication looking at the role of Build-to-Rent in London. It will also examine the distribution of discount market rent (DMR) and London Living Rent (LLR) homes within Build-to-Rent schemes and what the GLA and industry can do collectively to better enable the delivery of these affordable tenures through Build-to-Rent.
18. As well as providing high quality professionally managed homes, Build-to-Rent brings in significant capital investment into London from a range of UK and overseas institutional investors. And this capital investment does not just build homes – it creates places and regenerates areas of London into vibrant, mixed-use communities – with high energy efficiency, green spaces and public realm design that prioritises active and public transport – aligning with many of the mayor's urban planning priorities.
19. The London Plan 2021 has, for the first time, provided a Build-to-Rent policy (H11) and this is most welcome. There does however remain some confusion, apprehension and difficulties in delivering Build-to-Rent schemes through planning approval in some London Boroughs. In addition, issues pertaining to viability and access to land have become increasingly prevalent for the Build-to-Rent sector.
20. To realise the potential that Build-to-Rent has in both delivering additionality in rented housing supply and overcome barriers – as well as the growing role that it can have in delivering affordable tenures across discount market rent (DMR) and London Living Rent (LLR) the BPF would ask the GLA to appoint a Build-to-Rent champion to go-between GLA, London Boroughs and industry, as was discussed and proposed previously by the GLA. This position could help deliver greater collaboration and problem-solving to enable Build-to-Rent to contribute the most it can to London's housing delivery targets as well as diversifying housing supply.

Other forms of housing

21. The last London Plan introduced a few new policies in Policy H15 on Purpose-Built Student Accommodation (PBSA). Specifically, there was the introduction of a policy of affordable student accommodation, a requirement to work via a higher education institution nomination agreement, and an identified requirement for 3,500 additional units per annum in London.

22. As part of preparations for a new plan these policies should be rigorously tested against evidence, to ascertain how many affordable units have been delivered? What impact affordable accommodation has had on affordability of the 'market' units? The impact of the policies on supply. The extent to which 3,500 additional units have been delivered? And the experiences of providers and higher education institutions in channelling supply through nomination agreements.

Housing for Older People

23. How and if local boroughs have made provisions for housing for older people in their local plans should be assessed and inform proactive policies encouraging them to do so going forward.

Industrial Land

24. The BPF strongly supported the inclusion of the 'no net loss' of industrial land policy when the draft London Plan was first published in 2017 and were extremely disappointed when the Secretary of State directed its removal from the Plan in December 2020. The removal of this principle has inevitably made it more challenging to protect against the continued release of industrial land by local authorities seeking to meet their housing numbers.

25. In recent years, while high industrial land values have slowed the loss overall, it is only higher value industrial uses that have benefited such as data centres and logistics premises. Other industrial uses such as makerspaces and workshops cannot afford to compete with residential and thus are increasingly being priced out of the city.

26. The BPF would therefore advocate that the following points are considered by the GLA (and crucially the Secretary of State) in relation to industrial land when the next iteration of the London Plan is developed:

- Surging land values and extremely low vacancy rates demonstrates the pressure the industrial land market in London is currently under. The demand is there for industrial premises however the current market is not allocating appropriate sites in the right locations at a viable price.
- The consequence of a 'do nothing' approach by decision makers will be the inevitable further reduction of industrial land which will impact negatively on London's economic success and global competitiveness. As noted above, only certain industrial uses can compete with residential values so the consequence of maintaining the status quo is to accept that many industrial businesses (crucial to London's economy and way of life) will be unable to operate going forward in appropriate locations in the capital.
- Intensification is often cited by decision makers as the answer to the current challenges within London's industrial land market however such an approach is not a silver bullet. The point was

made strongly by the sector when the current London Plan was being worked up that intensification is not likely to be at a scale to make up for the release of industrial land more broadly. Moreover, our industrial members operating in London would also make the point that intensification is not always workable for all occupiers and their operational needs. Where it has been done, the process is also very expensive, and carries with it a lot of upfront cost and risk.

27. The BPF would therefore argue that the next iteration of the London Plan must recognise the tensions noted above and include an appropriate mechanism in planning policy to address these fundamental challenges in the industrial land market in London. The BPF would suggest that any intervention (as with the no net loss policy) would work best if it is set at a strategic city-wide level. Moreover, going forward, the BPF would argue that London's industrial land strategy also needs to be more responsive to changes in the market. The last London Plan took over five years to produce and inevitably it is challenging for policy to keep pace with drastically changing circumstances in the industrial land market.

BPF Report – Levelling Up: The Logic of Logistics

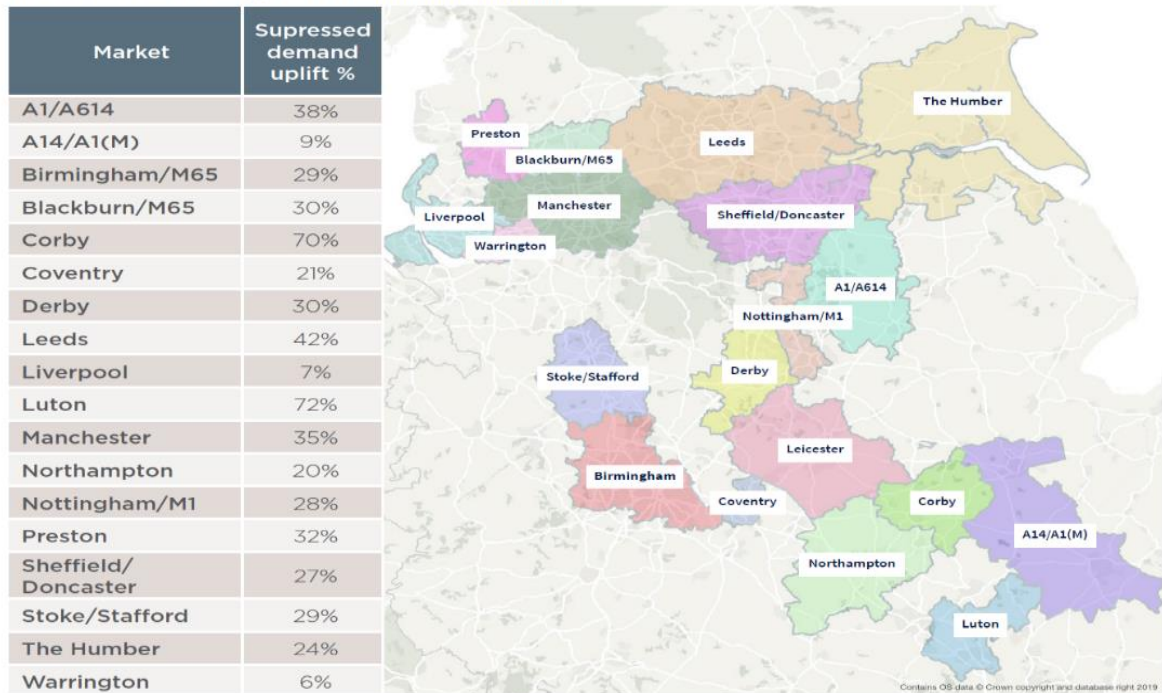
28. On 27th January 2022, the BPF Industrial Committee published its latest research publication – [Levelling Up: The Logic of Logistics](#). The report builds on previous BPF research publications advocating for a more responsive planning system to meet the needs of the industrial and logistics sector. The report also provides a comprehensive overview of the sector's growing economic, social value and environmental credentials.

29. A summary of the key aspects of the report is below:

- **Publication of a new 'employment land estimation model'** Demand for industrial and logistics space across England has been underestimated in planning policy for a decade and future demand is likely to be at least 29% higher than past levels. To address this, the report presents a new employment land estimation model built on the principle of 'suppressed demand' that accounts for demand that has been lost due to supply shortages in addition to current demand. Please see Figure 1 below which demonstrates the suppressed demand uplift % across a number of key markets throughout the country:

Figure 1:

Markets Tested for Suppressed Demand in England



- Chapter 1 – An Economic Powerhouse:** This chapter argues that industrial and logistics facilities can increasingly be viewed as critical national infrastructure. Alongside their supply chains, the sector supports the functioning of our economy and the way we live our lives by ensuring we have what we need. They are therefore as critical as the roads, rail, airport and port facilities needed to move goods around the country.

This chapter also provides a comprehensive overview of the economic growth of the industrial and logistics sector. For example, this section notes the sector currently provides 3.8 million jobs nationally as well generating £232 billion of GVA. Crucially, this chapter also challenges a number of the misconceptions in relation to the quality of jobs generated in the industrial and logistics sector. For example, it is noted that annual wages are £4600 higher for manufacturing and £4900 higher for logistics than average wages across all sectors.

- Chapter 2 – Growing Social Value Credentials:** This chapter explores how the industrial and logistics sector is crucial to the government’s ‘Levelling Up’ agenda with 70% of industrial and logistics demand generated in the north and the midlands. Given the sector’s strong economic credentials and growth prospects, future industrial and logistics jobs will be crucial in bridging the GVA and productivity gap between the North and South.

This section also presents a number of case studies where significant social value has been generated through industrial and logistics schemes as well exploring the increasing number of

examples where industrial and logistics schemes are effectively enabling housing growth by forward funding infrastructure.

- **Chapter 3 – A Green Recovery ‘Boxed’:** This chapter details the numerous innovations across all phases of an industrial and logistics property’s life cycle to reduce carbon emissions as well as presenting a number of case studies from within the BPF membership of best practice. The chapter also provides commentary on how the sector’s distribution network is decarbonising with a shift towards electric vehicles.

Final recommendations:

30. The above chapters provide the evidence of the considerable progress the industrial and logistics sector is making in terms of growing its economic, social value and environmental credentials and hence why the sector requires further support from policymakers if it is going to reach its full potential.
31. The primary challenge the industry faces is the availability of land in the right locations and therefore the report advocates for a number of recommendations from the [BPF Employment Land Manifesto](#) published in July 2021. This manifesto, in part, presented a number of key recommendations on how the planning system can be improved to better support the industrial and logistics sector. The relevant recommendations from the GLA are:

Introduce a Presumption in Favour of Logistics Development within the NPPG when precise criteria are met, such as:

- Easy access and proximity to the strategic highway network.
- Ability to provide effective access by non-private car to suit shift working patterns.
- Located away from residential development/where there is no unacceptable impact on residential amenity to allow for uninterrupted 24 hour working.
- Capable of accommodating large scale buildings in terms of both footprint and height.
- Sites which suit the future occupier’s needs.

North West Leicestershire District Council Policy EC2 and North Northamptonshire Joint Core Strategy Policy 24 are good examples of how this can operate at a local level and we would encourage more local authorities to adopt a similar approach.

Improve Cross-Boundary Planning to Deliver Strategic Employment Sites The recent Planning White Paper proposed the abolition of the Duty to Cooperate, which is the only statutory arrangement for strategic planning and the exporting of unmet local need to adjacent authorities.

The BPF’s Report ‘What Warehousing Where?’ highlights the inextricable link/interdependency between housing and employment space such that if there are binding housing targets, there should also be binding targets for employment land to ensure new homes have access to the

services they would expect. This should include a standalone logistics requirement to accord with the PPG.

The BPF sees a role for Mayoral Combined Authorities and/or LEPS in delivering strategic employment site allocations through new spatial planning powers that could assist in greater co-ordination of cross-boundary issues and the imposition of such targets.

Logistics and Local Plans The requirement set out in the PPG for logistics to be assessed and planned for separately from more traditional industrial uses needs to be enforced more robustly. There is a role for Local Plan Inspectors to ensure this is complied with and a need to ensure that proposed allocations are in the right locations to respond to a broad range of market needs. Where the intensification of existing employment sites is proposed this should be critically reviewed to ensure this is feasible and results in market-facing outcomes.

Ensure the industrial and logistics sector is recognised for its focus on ESG: making a valuable contribution to the Government's Green Industrial Revolution and generating social value. Reducing carbon emissions is at the very heart of decisions made around the construction and operational phases of development with net zero carbon and biodiversity net gain key considerations. Furthermore, developments are embedding themselves in the communities they serve providing a diversity of jobs for local people, including more well-paid positions; upskilling and apprenticeships; localised supply chain opportunities and plugging into community initiatives.

Modernise Employment Land Reviews Employment Land Reviews are the bedrock of planning for employment use. As currently constructed, however, they are too static and often out of date by the time of adoption. There are opportunities with the Planning White Paper to allow for the utilisation of 'real time' information so that Employment Land Reviews can be kept up to date and responsive to changes in local market conditions. There is also a need for Employment Land Reviews (as part of feeding into the wider local plan adoption process) to be more detailed in terms of providing a view on what specific employment uses are needed locally.

Introduce an 'Employment Land Delivery Test' An **Employment Land Delivery Test**, similar to the Housing Delivery Test or Five-Year Housing Land requirement, would ensure that a commensurate amount of employment land is brought forward to counterbalance housing and that any employment land lost to other uses is delivered in the right locations. If a local planning authority failed to meet the delivery test, a presumption in favour of sustainable logistics development could be engaged.

Further Industrial Research publications expected in 2022

32. We would also like to signpost to examples of London focused industrial work BPF member Turley will undertake this year. Both publications will be published this Spring and shared with the GLA:

- Inner London logistics research for SEGRO – research into the requirement for, and benefit of, inner London logistics site for last mile.
- Review of characteristics of planning applications for co-location of industrial and residential – this is being prepared by the Turley Planning team and includes identification of whether the dual aims of increasing housing supply and no net loss of industrial can be fulfilled through such schemes.

Town Centres

33. To be able to repurpose, our town centres need investment – in a strategic way, rather than piecemeal. The BPF have not been supportive of central government's desire to deregulate the planning system using permitted development rights as we fear that this will lead to poor placemaking. Our experience is that quality places, attract growth. There are means to reconcile the desire for deregulation and delivering quality spaces. For example, we support the greater use of Local Development Orders which allow for deregulation but driven by local context.
34. The unprecedented challenges facing our town centres require an unprecedented response. We therefore believe they need a suite of policy tools more suited to delivering rapid, town-specific change. We have therefore advocated for central government decision makers to consider introducing Town Centre Investment Zones. This is a concept whereby various regulatory and tax powers are handed to local authorities on the condition that a clear, coherent local plan for high street renewal and partnership is in place, and the new powers will be used to achieve its aims. We would be delighted to share our detailed policy paper on Town Centre Investment Zones with the GLA if requested.

Sustainability

35. We welcome the ambition of the current Plan to make London a fairer, greener and healthier place and support policies that tackle climate change, increase biodiversity and incentivise investment in energy efficiency, renewables and low carbon solutions.
36. Our [response](#) to the Government's Planning White Paper sets out some of the issues that the Mayor and the GLA should consider when developing the next London Plan. This includes balancing the need for more homes with the need to protect the environment, and the need for clarity and long-term certainty to encourage investment. We also need to recognise the challenges inherent in retrofitting certain assets, including many of London's world-famous historic and heritage buildings.