

SUPPLEMENTAL HEARING STATEMENT ON BEHALF OF ST GEORGE WEST LONDON LIMITED

MATTER 6 – ECONOMY AND TOWN CENTRES - POLICY BE1 ECONOMIC GROWTH AND EMPLOYMENT OPPORTUNITIES – AFFORDABLE WORKSPACE RESPONSE TO B/HS06/6A

1 Reason for Supplemental Hearing Statement – Response to B/HS06/6A

- 1.1 Brent Council published its supporting evidence base to Policy BE1 Affordable Workspace on 2nd September 2020. This was issued after the Brent Local Plan Regulation 19 consultation and after the submission deadline for hearing statements to the Examination in Public ('EIP'). Brent Council first indicated that it would be producing this updated evidence base in February 2020 (Brent Council Regulation 19 Responses to Consultation).
- 1.2 This approach prejudices the ability for third parties to make informed representations to the Local Plan Review process and raises questions of fairness.
- 1.3 It is also contrary to Government guidance which seeks transparency and collaboration. The Government's National Planning Guidance on viability in plan making requires viability assessments to be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan. The Government advises that it is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers. This has not happened with regards to Policy BE1.
- 1.4 Given the significant effects of the policy, and the late publication of the Council's viability evidence base, we respectfully request that the Inspectors accept this supplemental hearing statement for consideration.
- 1.5 We remain strongly of the view that Policy BE1 relating to affordable workspace is unsound and should be deleted.

2 Revised Policy BE1

- 2.1 The standard approach used by other local planning authorities which requires a proportion of new employment floorspace to be affordable workspace has been misconstrued by Brent into a policy which requires 10% of all proposed floorspace to be affordable workspace.
- 2.2 The wording of Policy BE1 Economic Growth and Employment Opportunities has been revised by the Council in its response to Matter 6 as follows:-

"In Alperton, Burnt Oak Colindale, Church End, Neasden, Staples Corner and Wembley Growth Areas, a minimum of 10% of total floor space within major developments exceeding 3,000 sq.m. is to be affordable workspace for studio, light industrial, industrial or storage and distribution uses, which will

NOTE continued

be protected by condition and / or legal agreement, where appropriate to do so for the lifetime of the development.

New affordable workspace should normally be provided on-site for the lifetime of the development and managed by an approved provider. Only in exceptional circumstances where it can be demonstrated robustly that this is not appropriate, may it be provided off-site. A financial contribution in lieu of on-site provision will only be accepted where this would have demonstrable benefits in furthering affordable workspace in the borough”¹.

Brent Council Response to Matter 6

- 2.3 The Council’s evidence to the EIP is that its employment need is for an additional 0.6ha over the Plan period² based upon the West London Employment Land Review (WLELR). The Council dispute the GLA’s position that the actual employment need, based upon the London Industrial Land Demand Study, 2017, is 46.9 hectares for Brent (p. 214, ref 1).
- 2.4 In support of Policy BE1, the Council refer to the Draft New London Plan Policy E3. However, this policy only applies where affordable workspace has been on site (since 1st December 2017) and will be lost³ or “detailed affordable workspace policies in light of local evidence of need and viability”⁴ are proposed. We consider both tests below.

3 Policy BE1 - Viability

- 3.1 The Council state that the 10% threshold and floorspace threshold level 3,000sqm has been “informed by research and viability testing”⁵. This is a challenging statement. Policy BE1 was published in 2019 supported by a viability statement which did not assess the policy.
- 3.2 BNPP’s September 2020 assessment concludes that the policy **“will have an adverse impact on viability, the extent of which depends upon the residential sales values on average, the residual land values after the policy has been imposed will be 72% of the original residual land value where the uplift in value is modest, it is likely that the affordable workspace requirement will have significant impacts on the ability of schemes to provide affordable housing.”**
- 3.3 In our opinion this is not an evidence base which would support a justified, or effective policy.

Approach to Benchmark Land Value (BLV)

- 3.4 The assessment only models the BLV of sites which are in office, light industrial, or public land use.
- 3.5 It has not considered sites which are in any other use. The policy cannot therefore apply to other existing uses as it has not been appropriately viability tested.
- 3.6 Brent’s growth areas comprise extensive areas of retail and leisure uses. They also comprise land which is now subject to residential developments (where Policy BE1 has not been applied). These sites

¹ Matter 6 Response Para 6.4.8 and 6.6.3 revises the wording of policy BE1 (note: there is different wording in each paragraph)

² Matter 6 Response Para 6.1.1

³ 2019 London Plan E3 (Part B)

⁴ 2019 London Plan E3 (Part C)

⁵ Matter 6 Response Para 6.5.1

NOTE continued

(for example Northfields) will come forward for site optimisation or Section 73 applications, and Brent Council propose, will be caught by Policy BE1, notwithstanding that the Council's evidence is that higher BLV's could not viably accommodate the requirements of the policy.

- 3.7 As the Council has only modelled lower BLVs, it is likely that the impact of the affordable workspace provision is significantly higher than published and therefore the outputs set out in the tables are understating the actual impact on scheme viability.

Inputs and Assumptions

- 3.8 Unlike the 2019 report, BNPP's 2020 analysis has applied a blanket approach to testing. There are inconsistencies between the 2020 and 2019 BNPP viability assessments.
- 3.9 The affordable workspace requirement assumes a market rent of £150m² and applied a 50% discount at £75m². Contrary to the Draft New London Plan Policy E3 requirement which requires "local evidence of need and viability" no regard has been had to varying local market rents across the borough or whether a higher or lower discount should be applied.
- 3.10 It is not clear what yield has been modelled or if the yield for affordable workspace has been adjusted when comparing against market floorspace. This is inconsistent with the approach taken by BNPP when assessing Southwark Council's Affordable Workspace Policy⁶. Here BNPP recognised a higher yield was appropriate for affordable workspace given the additional running costs of this space.
- 3.11 The 2019 BNPP report tested varying discounts and payment in lieu⁷ but this has not been undertaken in the September 2020 Report.
- 3.12 The results of the 2019 appraisals conclude that 'a discount of 25% to 10% of floorspace in perpetuity has the lowest impact on viability, but it may be possible to increase the discount to 50% in the highest value parts of the borough' (this comprises the South East of the Borough⁸). Despite this conclusion, supporting paragraph 6.4.12 of the Brent Local Plan explicitly refers to the 50% threshold.
- 3.13 Lower levels of discount have not been tested in the 2020 Report which is an omission, and there is no evidence that the impact on viability for areas outside the 'highest value' areas has been addressed. As the 2019 assessment only found that a 50% discount was viable in the highest value parts of the borough, it is unclear how the 2020 assessment can support a blanket approach.

Effect on Affordable Housing

- 3.14 BNPP advise that where an uplift in value is modest, it is likely that the affordable workspace requirement will have significant impacts on the ability of schemes to provide affordable housing.
- 3.15 Where viability is already challenging to secure 35% affordable housing for a residential development, the additional requirement for 10% affordable workspace would increase the financial deficit even further. This is likely to result in a reduction below target affordable housing or other benefits that form part of a basket of benefits to a scheme.

⁶ P30 Affordable Workspace: Developments proposing 500sqm GIA or more employment floorspace must deliver 10% affordable workspace

⁷ BNPP 2019 Viability Assessment: Paragraph 6.2 to 6.7

⁸ BNPP 2019 Viability Assessment: Figure 2.15.1: Sales values in Brent (approx. £s per square foot)

NOTE continued

- 3.16 A blanket requirement for all uses may also give rise to design and management conflicts between market sale housing, affordable housing and workspace provision. It is likely that this requirement could be challenging to delivery and result in additional build and management costs and build programme implications associated with delivering this space which have not been considered.
- 3.17 The policy requirement as currently worded does not allow for any regard to scheme specific viability, it only allows for a financial contribution in exceptional circumstances, this is inflexible and does not accurately reflect the outputs of modelling which does show instances where this policy requirement is unviable and undeliverable, regardless of the adjustments to BLV and sales values where the impact is even more significant.

4 Policy BE1 - Need

- 4.1 The Council refer to evidence base WLELR (EB_E_011) to support Policy BE1. The WLELR does not provide evidence of a quantitative need for affordable workspace and advises that “Affordable workspace requirements will put further pressure on viability”⁹.
- 4.2 The Council also refer to the Brent Regeneris Workspace Study (EB_E_09). This does not contain a quantitative analysis (m²) of need. It does refer to the Local Plan policies of other London Councils¹⁰ including the London Borough of Hackney¹¹ and Wandsworth¹² as a policy guide and a suggestion for Brent’s Local Plan. These policies (like Southwark’s) relate to employment floorspace, not all floorspace. This is the policy approach that BNPP originally viability tested in 2019. Neither adopted policies promote affordable workspace irrespective of land use.
- 4.3 It is also unclear if Brent has assessed the actual effects of the policy in real terms. If Policy BE1 was applied to the Northfields development, it would result in 35,000m² of affordable Class B workspace, at the cost of housing delivery. It is unclear if this reduced housing delivery has been considered by the Council? In any event it is more than the Council’s 0.6ha employment land requirement and more than the industrial replacement floorspace required to release the site from its SIL designation.
- 4.4 Policy BE1 applies to the following Growth Areas, which are subject to the following minimum housing growth targets set out in the Local Plan (or Wembley SPD).
- Alperton – 6,000 homes
 - Burnt Oak Colindale – 2,000 homes
 - Church End – undefined

⁹ West London Employment Land Review (WLELR) – reference EB_E_011 Paragraph 13.3

¹⁰ Regeneris Workspace Study page 98 and 99 and Appendix C: Learning from Elsewhere

¹¹ Hackney Local Plan Policy DM16 DMLP (2015) and (2020) Policy LP29 Affordable Workspace “New major employment and mixed used development in the borough’s designated employment areas, Central Activities Zone and town centres should provide affordable or low-cost workspace, equating to a minimum of 10% of gross new employment floorspace”.

¹² Wandsworth Local Plan Policy EI4 (2018) “Developments that would provide more than 1,000m² of economic floorspace will be expected to contribute directly to the provision of affordable, flexible and managed workspaces”

NOTE continued

- Neasden – 1,265 homes
- Staples Corner – 2,200 homes
- Wembley- 11,500 homes
- Total – 22,965 homes

4.5 If we assume an average dwelling size of 70m² (GIA) then the growth areas will generate 1.6million m² (GIA) of dwelling floor area, or c.1.8 million m² of residential floorspace (GEA). If we add an additional 10% to include commercial floorspace then the growth areas could generate (2million m²). The 3,000m² threshold would apply to developments of c.43 homes (at 70m²), or less if commercial, community or basement car parking (for example) floorspace is proposed.

4.6 If one assumes a conservative approach that 75% of planning applications in the growth areas will trigger the threshold, then 1.5million m² could be caught by this policy. BE1 would generate 10% of this total, c.150,000m² / 15ha of affordable workspace. This is significantly more than Brent's evidence base of 0.6ha. We have not seen any evidence to support this level of affordable workspace.

5 Effects of the Policy

5.1 The policy is not sound. It is not justified, or effective.