

London Borough of Hackney

Development Management Local Plan

Written Statement

Introduction

The following written statement to the London Borough of Hackney Development Management Local Plan is prepared by CBRE on behalf of our Client Alloy MTD (Jersey) Ltd. As background, our Client owns a site known as One Crown Place (bounded by Earl Street to the north, Crown Place to the east, Sun Street to the south and Wilson Street to the west) within the southern boundary of Hackney.

The site has an extant permission for a large office development which was designed specifically for UBS and includes design features such as large dealer floorplates and off-set cores which were specific to this occupier's requirements. After obtaining planning permission for the site, UBS decided to relocate their premises to 5 Broadgate and the development has not yet been implemented (the permission is due to expire in 2017). Occupier interest is limited by the need for a pre-let and the specialist nature of the floorspace configuration.

Our Client is currently in pre-application discussions with Hackney and the GLA regarding the promotion of a mixed-use development on the site including office, residential, retail and hotel use.

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Matter 1.9

Is the plan in general conformity with the spatial development strategy (the London Plan)?

1. The main concern we have in this regard is related to the Council's application of Policies DM14 and DM17. These policies broadly seek to maximise employment floorspace and ensure employment is the primary use in floorspace terms.
2. In our recent pre-application discussions with the Council related to One Crown Place, the Council have suggested a 100% commercial scheme can be delivered on the site. We believe such a stance from the Council is contrary to London Plan policies, especially such policies related to sites within the CAZ. London Plan policies 2.10 and 2.11 state that redevelopment proposals within the CAZ that provide an increase in office floorspace, should include a mixture of uses including housing.
3. The emerging proposals at One Crown Place include a significant uplift in office floorspace from the existing level and provide other uses including housing, retail and hotel.
4. The One Crown Place site is also located within the City Fringe/Tech City Opportunity Area which has a target of 70,000 jobs and a minimum of 8,700 homes within the Draft Further Alterations to the London Plan (FALP).
5. The GLA have confirmed that our proposed scheme is broadly consistent with GLA policies for the CAZ and the strategic objectives for the City Fringe/Tech City Opportunity Area. However, in contrast the Council have confirmed our proposed

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scheme does not meet their land use aspirations for the site within a PEA. Therefore, the application of the above policies by Hackney is not consistent with either the GLA spatial strategy in the CAZ or the City Fringe/Tech City Opportunity Area.

6. We are also aware that Draft FALP is due to increase the housing targets within Hackney by 38% (from 1,160 per annum within the adopted London Plan to 1,599 per annum within the Draft FALP). The Inspector commented in a letter to the Council in reference to the Site Allocations Local Plan (dated 11th July) that the Council have previously said that the Draft FALP housing targets are not deliverable. The Council's policy and interpretation of the above policy related to PEAs to resist residential development will only exacerbate this situation further.

Summary

7. We do not believe the Council's policy and application of emerging policy is consistent with London Plan CAZ policies, housing delivery policies and the strategy for the City Fringe/Tech City Opportunity Area.

Matter 3.1

Is Policy DM7 (new retail development) justified? In particular:

- a) **What is the justification for the 200 sq m threshold?**
- b) **Is the policy appropriate in relation to retail development within the Central Activities Zone?**

1. Our Client's site is not located within a designated town centre but is located within the Central Activities Zone (CAZ). Our Client's emerging proposals are likely to provide an element of retail floorspace (Class A1/A3) on ground floor level, as part of a vibrant mixed-use scheme in order to provide activity to the site and the surrounding streetscape. The retail component of the proposed development will be very small in comparison to the total floorspace proposed and as such, its principal purpose will be for place making purposes in order to encourage activity at street level and improve the public realm, as well as to provide facilities for future residents and workers on the site. However, due to the size of the site it is likely that the retail proposed will exceed the 200 sq m threshold within Policy DM7. We do not feel such a threshold is justified, especially within the CAZ.
2. The only justification for the 200 sq m threshold appears to be that a small shop in London is typically around 70-90 sq m and the 200 sq m threshold will therefore allow more than one shop unit of this size to be delivered without the requirement to provide a sequential and impact assessment. (para 4.2.4 of the DMLP).
3. We do not consider this to be robust reasoning as to why this threshold has been proposed by the Council. The NPPF states that a retail impact assessment is required for schemes of 2,500 sq m or more unless local thresholds state otherwise (paragraph 26). Hackney are proposing that the threshold would be

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less than one tenth of the standard NPPF default threshold and such a jump from this threshold should be fully justified.

4. This is especially true for sites within the CAZ where retail development is actually promoted within Policies 2.10 and 2.11 of the London Plan. It is clear that retail development is supported within this area generally and the policy within the DMLP should be altered to reflect this position and allow more minor retail development to come forward within the CAZ without having to provide sequential and impact assessments.
5. We agree that there should not be major retail development outside of town centres in line with NPPF policy. However, the Council's policies need to be flexible enough to recognise that the London Plan CAZ policy promotes a mix of uses including retail floorspace and therefore the emerging policies should not restrict future retail development to this level within the CAZ.
6. We recognise that not all retail developments should be allowed within the CAZ and significant major retail development should be focussed within town centres. However, the policy should be updated to allow a greater level of retail within the CAZ than the 200 sq m proposed threshold allows.

Summary

7. We propose Policy DM7 is amended to reflect London Plan CAZ policies and to increase the threshold for sequential and impact assessment of retail development within the CAZ to the default 2,500 sq m within the NPPF.

Matter 3.10

Is Policy DM14 (retention of employment land and floorspace) justified and consistent with national policy? In particular:

a) Are the requirements in relation to the submission of marketing evidence appropriate?

1. We understand the overall requirement of this policy to retain and enhance employment floorspace within the Borough. However, we believe the policy and our recent experience with Hackney's interpretation of the policy will undermine the delivery of sites contrary to paragraph 22 of the NPPF. This paragraph of the NPPF states policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose.
2. During our initial pre-application discussions with Hackney related to One Crown Place, the Council have confirmed their view that a 100% commercial scheme could be delivered on the site. We do not believe that this interpretation of the policy by Hackney is correct and we also believe it is not consistent with the objectives of sustainable development and housing growth within the NPPF. This is

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especially true as the site has been vacant for many years without delivering any such development.

3. The emerging proposals for One Crown Place being promoted include a significant uplift in employment floorspace as well as residential floorspace. Such a proposal would be compliant with the NPPF to deliver sustainable development and housing growth as well as the mixed-use London Plan policies including residential floorspace for the CAZ (Policies 2.10 and 2.11). Hackney's housing targets are due to increase by 38% per annum from the 1,160 per annum within the adopted London Plan to the 1,599 per annum within the Draft Further Alterations to the London Plan (FALP). We are aware from the Inspector's letter to the Council in reference to the Site Allocations Local Plan (dated 11th July), that the Council have previously expressed the view that the Draft FALP housing targets are not deliverable and the Council's stance of requiring 100% commercial development on such sites will only heighten this issue further.
4. We also wish to make the point that in assessing the merits of the scheme, there are many other factors to consider instead of just the quantum of employment floorspace delivered. This includes the type of office floorspace and whether it meets the local need, affordability of workspace, viability of development as well as other site characteristics.
5. Consideration should also be given to other planning issues, such as whether sites are within a Conservation Area or in proximity of other heritage assets such as listed buildings and locally listed buildings. Sites within such locations would need to be treated differently from other less sensitive sites as any future development or redevelopment options will need to assess the heritage implications of such a development (not just the amount of employment floorspace proposed) and restrictions this place on development footprint.
6. This is especially pertinent for One Crown Place as the site comprises over half of the Sun Street Conservation Area, includes locally listed buildings and is adjoining a Grade II and locally listed building. The pre-application discussions with English Heritage have been positive and their written response has encouraged our Client to proceed with their current design approach undertaken which will bring heritage and townscape improvements compared to the extant planning permission.

Marketing Evidence

7. We are concerned with the statement within paragraph 4.7.2 of the DMLP that applicants should demonstrate that their proposals are providing the maximum feasible amount of employment floorspace including marketing the site for a range of employment or employment-led scenarios.
8. We agree that marketing evidence is useful to demonstrate where there is demand for employment floorspace and to protect it from being lost to other uses land uses. However, where proposals include a significant uplift in employment floorspace from the existing position we do not believe it relevant for marketing evidence to be provided.

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9. The standard marketing requirements within Appendix 4 are also very onerous and the type of marketing to be undertaken will vary depending on the size and type of office floorspace being proposed.
10. There has been a targeted marketing campaign for the extant permission at One Crown Place (approximately 350,000 sq ft NIA). In this circumstance, an occupier of over 150,000 sq ft NIA would be required for an office development of this scale to be commenced. There are very few potential occupiers who require this amount of office floorspace and we have previously provided evidence to Hackney outlining that there have only been a small number of pre-lets of this size in the last decade and that there are many competing office sites for such an occupier.
11. The nature of the marketing campaign for such a large volume of floorspace would therefore be very select in terms of potential occupiers and it would not be appropriate to follow the detailed marketing requirements within Appendix 4 of the DMLP when dealing with such large volumes of floorspace.
12. Instead, we believe detailed market analysis should be provided by a qualified agent who can outline the demand and supply trends for the type of office floorspace proposed, which in certain circumstances is much more appropriate than the requirement within Appendix 4.

Summary

13. We consider the policy should be amended so marketing evidence should be limited to schemes where there is a loss of employment floorspace. Relevant changes should be made to the document so that marketing evidence is not required where an uplift in office floorspace is proposed and where it can be demonstrated through research that there is limited demand. We do not believe that the marketing requirement set out in Appendix 4 reflects the realities of marketing large scale office developments and therefore it represents an unrealistic demand for evidence.

Matter 3.12

Is Policy DM17 (proposals in Priority Employment Areas) justified and appropriate? Are the restrictions to development in PEAs appropriate and consistent with Core Strategy Policy CS17?

1. We agree with the principles that employment use along with other uses including residential, retail and hotel should be allowed within Priority Employment Areas (PEA) and that there should be an uplift in employment floorspace proposed within PEAs compared to the existing.
2. The policy as currently worded requires proposals to satisfy the requirement of DM14 (i.e. maximise employment floorspace) as well as ensuring that commercial use is the primary use in floorspace terms.

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3. However, basing a policy simply on the amount of employment floorspace proposed is not justified or appropriate. The policy should take into consideration the quality and type of office floorspace proposed (does it meet local identified need), affordability of proposed workspace, as well as scheme viability. When dealing with very large areas of floorspace such as for One Crown Place the deliverability of such floorspace also needs to be considered (e.g. is it likely that there will be a pre-let and occupier that can be secured to enable such floorspace to be delivered). Instead, such a policy should provide more flexibility so each individual site circumstances are taken into consideration.
4. In terms of the type of office floorspace proposed, JLL have recently prepared a report titled 'Understanding Digital London: Shoreditch, Clerkenwell, Aldgate'. This document outlines that there is a high demand in this location for the tech and digital sector and a typical digital or tech occupier would require on average 2,500 sq ft of floorspace NIA. It also confirms there is a demand for more established office occupiers moving into the area who typically require 25,000 sq ft NIA office floorspace on average. Therefore, proposals within this location that cater for this type of demand should be looked at favourably and providing the right type of office floorspace for this location should be deemed more important than simply providing a certain level of floorspace.
5. The currently worded policy will require a very large level of office floorspace at sites such as One Crown Place to be proposed (i.e. an employment led scheme in floorspace terms). In order for such levels of office floorspace to be delivered a large pre-let will need to be secured and such a pre-let (if ever secured) would not provide the type of floorspace identified above and would more likely be a typical City occupier who will not meet the identified need in this location.
6. We are concerned that in recent pre-application discussions, Hackney's starting position for negotiations has been for a 100% commercial scheme to be delivered. This is against London Plan CAZ policies 2.10 and 2.11, which promote a mix of uses including residential where there is an uplift in office floorspace proposed. Based on discussions with Hackney to date, we believe the Council's application of their PEA policy will not be consistent with such London Plan policies. We also refer to the requirement to deliver housing within the NPPF and Hackney's increased housing delivery targets within the Draft FALP to demonstrate that the Council should be more flexible in applying policy within the PEA.
7. We consider schemes within the PEA that provide an uplift in high quality employment floorspace from the existing position on site in addition to residential floorspace meets the aspirations of both the NPPF and the CAZ in terms of housing delivery, improved employment floorspace and sustainable development.
8. We also believe that hotel and retail uses should be considered employment uses within this policy. The adopted Core Strategy policy states that hotels are acceptable in PEAs with a PTAL of 5 (along with Class B1 and D1 uses). However, the emerging policy changes this stance and groups hotels with residential as being able to exceed Class B uses in 'exceptional circumstances'. Hotels in particular

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(along with retail) should be treated as employment floorspace for the sake of this policy, especially for sites within the CAZ as such land uses also provide high levels of job creation.

Summary

9. A requirement for schemes to be employment-led should be removed from this policy, which instead should focus on ensuring an uplift in employment floorspace is provided in redevelopment opportunities. Further emphasis should also be provided on the type, affordability, viability and deliverability of employment floorspace rather than simply relying on employment floorspace targets that may not be viable or deliverable.
10. The benefits and job creation from hotels and retail floorspace should also be recognised within this policy.

Matter 5.3

Is Policy DM31 (open space and living roofs) justified and effective? In particular:

- a) Is 10 sq m per person and 4 sq m per employee levels sought justified and appropriate?**
- b) Is there a risk this policy could undermine the delivery of the schemes to which it would apply?**
- c) Should this policy apply to all residential schemes?**

1. We are concerned that the high level of communal open space for both residents and workers will not be achievable on sites which have high density development such as the Shoreditch area.
2. High density developments are encouraged in the Shoreditch area due to highly accessible public transport (PTAL rating) and location within the Taller Buildings Opportunity Area within the adopted Core Strategy.
3. As mentioned previously, the One Crown Place site has an extant permission for a largely office scheme with a small hotel and small amounts of retail. The employment creation from the extant permission was 2,453 jobs and therefore this would require 9,812 sq m of communal open space to be provided on the site based on this policy. The site is just 0.38 ha in size (3,800 sq m) and therefore it is clear that such a policy could not be delivered on a high density site such as this. The same issue would apply for high density residential developments in the Borough.
4. The Council would obviously need to apply this policy flexibly or no high density development would ever be delivered in the Borough. At the very least the Council should allow high density development to provide a payment for the shortfall in provision on-site as identified within Policy DM31. However, this adds another cost to development which would likely additional to the CIL payments of £200 per sq

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m for residential development in the Shoreditch area. This could again have implications for the viability of developments being delivered.

5. A more appropriate solution would be for the Council to reduce the level of communal open space required for high density developments to a lower and more realistic level so such a target can be delivered on site. A further option could be for the requirement to be reduced within areas where there is not an identified deficiency in public park provision (Shoreditch is one of these locations as identified in Map 8.2 of the Core Strategy).

Summary

6. We do not consider the communal open space requirements within this policy to be deliverable for high density schemes within the Shoreditch area and in particular within the Taller Buildings Opportunity Area where such high density development is encouraged. The requirement within this policy should be reduced within such areas, especially areas which are not identified as being deficient in public park provision.