



**London Plan Alteration: Development Contributions to Crossrail
Assembly Version
London First Response
04/02/09**

1. INTRODUCTION

1. London First is a strong proponent of Crossrail and supports the principle that development contributes to its funding.
2. Contributions must be equitable, reasonable and viable. Contributions must be considered in the context of other planning obligations and requirements particularly bearing in mind the economic circumstances which are likely to prevail for the short to medium term. This will be critical to ensure development is undertaken and London is well placed for economic recovery. The concerns raised with the proposed policy are founded from a strong desire to ensure that the policy is successful and that development contributes to Crossrail.
3. London First welcomes the opportunity to respond to the Assembly draft Alteration to the London Plan. At this stage our response raises key issues; a fuller response will be made to the public consultation.
4. We look forward to working with the Mayor, deputy Mayor for policy and planning, and officers on the proposals to ensure that policy is established in way that enables development to take place and contribute to Crossrail.
5. London First is a business membership group whose aim is to improve and promote London to maintain and enhance its position as a leading world city. We do this by mobilising the experience, expertise and enthusiasm of the private sector to develop practical solutions to the challenges London faces and to lobby central and London government for the investment that London needs in its infrastructure. London First delivers its activities with the support of 300 of the capital's major businesses who represent 26% of London's GDP.

For further information contact:
Judith Salomon
Director of Planning and Development
7665 1584
jsalomon@londonfirst.co.uk

Viability

6. The assessment and application of the charge must be subject to rigorous analysis on the impact on economic viability. As with affordable housing and other planning obligations, the charge must be set and applied at a level which encourages, rather than frustrates development. This is never more critical than during this recession: the charge must not prolong recession and delay development and recovery.
7. In practice this means that:
 - Viability must be considered when setting and applying policy.
 - The proposed level of the charge and its impact on development must be rigorously tested, with developers involved in testing. We do not believe this to be the case with the current draft policy.
 - Further consideration should be given to the application of the charge to a wider geographic area and to a greater range of uses.
 - The charge must be applied sensitively and reduced where viability assessments demonstrate that this is necessary.
 - Planning obligations and requirements (including affordable housing, other transport improvements and sustainability measures) from the GLA family and boroughs must be prioritised and reduced accordingly.

Relationship with Community Infrastructure Levy (CIL)

8. As far as possible the s106 policy should be established to allow simple transition to CIL in light of the expected implementation of CIL within the Plan period; the requirement to raise £300 million for Crossrail from CIL; and therefore the transition of the requirement from one regulatory regime to another.

Policy basis for the charge

9. The level of the charge, or at the very least the methodology for setting the charge should be set in the London Plan not supplementary guidance. We recognise that this limits the opportunity for review, making sensitive application more critical, but consider that this is the best route to give developers clarity and certainty as well as ensuring the charge is thoroughly tested.

Timescale, geography and use classes

10. Policy must balance the desire for simplicity with equity and viability. We are concerned that the focused route proposed has been overly influenced by the desire to have a 'clear and easy to understand boundary'. The simplicity and clarity that applicants seek is in the calculation of obligations, not the policy itself.
11. The proposed approach is said to be based on the analysis undertaken by Colin Buchanan and Jones Lang LaSalle. The full body of research and modelling should be made available for thorough testing as part of the examination process. The Buchanan work does not appear to be reflected in the guidance because of the over focus on simplicity.
12. We are concerned that the proposed approach, focussing on offices in the central area, leads to a high level of charge which will make development unviable, undermine economic recovery and growth and puts at risk the ability to collect £200 million.

13. The CAZ and north of the Isle of Dogs is the most important part of the country economically: policy which has a negative effect on development in the CAZ will be detrimental economically. The implications of such an approach must be carefully analysed and considered. This is even more critical in the current economic climate with the need to ensure policy encourages and doesn't delay recovery.
14. The Jones Lang LaSalle research refers to 'leakage' as a consequence of the proposed policy: i.e. development which becomes unviable and does not happen. The extent of this requires greater consideration. Leakage has very real implications for the London and UK economy; its competitiveness and attractiveness.
15. The rationale for the approach is that the development of offices in the CAZ is considered to have the greatest impact on congestion. Whilst offices in the CAZ are shown to have the greatest impact, this should not preclude consideration of other uses and areas within the vicinity of Crossrail stations which are still demonstrated to have an impact.
16. We suggest that further consideration is given to extending the charge geographically to areas around Crossrail stations in outer London, and to other uses.
17. We also suggest that further consideration is given to the timescale over which the charge is collected to increase the prospects of collection and lessen the impact in the short to medium term.

Meeting the tests in Circular 05/05

18. Planning obligations must meet the five tests in Circular 05/05 to be:
 - (i) relevant to planning;
 - (ii) necessary to make the proposed development acceptable in planning terms;
 - (iii) directly related to the proposed development;
 - (iv) fairly and reasonably related in scale and kind to the proposed development;and
 - (v) reasonable in all other respects.
19. We do not consider that the proposed approach of charging only offices in the CAZ and north of the Isle of Dogs meets the tests of being 'fairly and reasonably related in scale' and 'reasonable in all other respects.'

Priorities for Planning Obligations

20. The London Plan and SPG should provide guidance on prioritising planning obligations, acknowledging that the Crossrail charge can't simply be added to requirements. This therefore means reprioritisation of obligations and planning requirements.
21. Applications must undergo rigorous viability testing where the s106 demands threaten viability, with a consequent reduction in requirements where necessary.
22. Complex schemes with a long lead in time may have already made commitments to certain planning obligation for infrastructure provision; re-prioritisation to account for the Crossrail charge may be impractical or impossible. Exceptions should be made for such circumstances and the draft guidance should make some reference to this.

Metrics for calculation

23. As is common practice in planning, the charge should be expressed and calculated on the basis of Gross External Area and expressed on the area upon which is charged (net increase over 500m²). The complexity of using Net Internal Area is illustrated in the Howick Place case where the sum required was initially calculated as £866,000 and revised to £650,000.

Timing of payment

24. Reflecting standard practice with s106, payment should be allowable in stages by way of agreed triggers set out in the s106 agreement, responding to the individual circumstances of developments.

Recording Collection

25. It is essential that there is transparency on how much is collected and when the target is reached. The amount collected should be recorded in the London Plan annual monitoring report.

Policy Application

26. There should be a clear date after which the policy will be applied to applications.
27. Draft policy, which has not undergone public consultation and examination, has little if no weight and therefore should not be used in planning decisions.
28. The application of draft policy, before undertaking appropriate consultation contravenes the Aarhus convention and the principles of the planning system (as set out in PPS1 and PPS12).
29. A clear start date would allow for the impact to be factored into the conception and design of schemes and borough priorities and decision making. This is particularly critical given the substantial costs involved. Applications made now have evolved in a very different policy and financial climate.

Areas around Crossrail stations outside London

30. The Mayor should discuss with the Government ensuring that authorities outside London where there will be Crossrail stations adopt policies that collect development contributions for Crossrail.