

LOCAL PLANS SUB (PLANNING AND TRANSPORTATION) COMMITTEE
Tuesday, 23 May 2023

Minutes of the meeting of the Local Plans Sub (Planning and Transportation)
Committee held at Committee Room 2 - 2nd Floor West Wing, Guildhall on Tuesday,
23 May 2023 at 9.00 am

Present

Members:

Deputy Shravan Joshi (Chairman)
Deputy Graham Packham (Deputy Chairman)
Deputy Randall Anderson
John Edwards
Deputy Edward Lord
Deputy Alastair Moss
Alderwoman Susan Pearson
Elizabeth Anne King (Ex-Officio Member)

Officers:

| | |
|----------------|---------------------------|
| Zoe Lewis | – Town Clerk's Department |
| Rob McNicol | – Environment Department |
| Gwyn Richards | – Environment Department |
| Peter Shadbolt | – Environment Department |

-

1. **APOLOGIES**

There were no apologies.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT**

There were no declarations.

3. **MINUTES**

RESOLVED – That the public minutes of the last meeting held on 27 April 2023 be approved as a correct record.

4. **CITY PLAN 2040 - HOUSING**

The Sub-Committee considered a report of the Planning and Development Director, which set out options for updating policies to ensure that sufficient housing supply was identified to meet statutory requirements.

An Officer advised that national guidance set out in the NPPF and guidance in the London Plan had to be taken into account. Outside of London, the calculation of housing need was undertaken using a standard method set out by the government. This was based on household projections, population projections and affordability. Although this method was not used in the City, the figure had been calculated and was 101 units per annum.

Members were informed that within London, the housing target for each of the London Boroughs and the City was set within the London Plan, which set out a 10-year target rather than an annual target. From 2019-2028/29 the City had a target of 1,460 dwellings. This target was capacity-based and was calculated in 2017 on the likely availability and deliverability of housing in the City over that period. The Sub-Committee were informed that beyond 2028-2029, the London Plan stated that this target should continue to be considered, and account should also be taken of any additional issues identified locally.

The Officer stated that the London Plan therefore set a target of approximately 146 dwellings per year compared with the national figure of approximately 101 dwellings per year if the national calculation was used.

The Officer advised that both nationally and in London, Local Plans were required to identify a sufficient supply of housing to meet the housing need for at least five years with a buffer of 5% to allow for sites not coming forward. Within the first five-year period, the sites had to be specific and deliverable housing sites, either allocated in plans or with planning permission or under construction. For Years 6-10 and 11-15 of the Plan, sites or broad locations had to be identified or evidence provided that sufficient sites would come forward to meet the target over the longer period.

The Officer stated that the report set out the most recent monitoring data. It was based on meeting the London Plan target and showed the number of dwellings identified as well as those that were projected to come forward through windfall development over the next five-year period. The Officer stated that when calculating these figures, traditional flats and houses were considered. Non-self-contained units could also be taken into account, with every 1.8 of these units counting as one residential unit. Student housing could also be taken into account, with every 2.5 student bedrooms counting as one residential unit. Therefore, planning permissions that had been given for student housing had been included in the figures. The Officer stated that although, a five-year supply had not been identified without the inclusion of the recently approved Friary Court student housing scheme, once this was included, the five-year land supply figure had been reached. As the Plan rolled forward, the date rolled forward and therefore the figures would be recalculated again at the end of each financial year.

The Officer advised that beyond five years, there were no identified sites. However, there was sufficient evidence that sites came forward on a regular basis to demonstrate that the target could be met.

Members were informed that separately from the five-year land supply, there was a requirement to meet the London Plan housing target and demonstrate to the Mayor for London that sufficient housing was being delivered to meet the 10-year target. The Officer stated that this target was currently being exceeded and the target was expected to be comfortably exceeded.

The Officer stated that approximately a year ago, there were concerns that enough housing land would not be identified and therefore a Call for Sites was

undertaken. Developers, landowners and the general public were asked to identify potential sites that could be brought forward for housing and identified in the Local Plan. Only four sites came forward. There had been no response from the Home Builders Federation and there had only been one response from a house builder. This indicated that there was less pressure from the industry for housing development in the City than elsewhere. In addition to the four sites that came forward, another seven potentially suitable sites were identified by Officers. Out of the 11 sites identified, three were considered to have short-term potential for housing. Further work would be undertaken to look at the detail and ensure owners were content with the sites being made public as they were not currently housing sites.

The Officer outlined two options. The first approach was to continue to rely on sites coming forward and not identify specific sites. There was a sufficient supply for 5 years to meet the NPPF requirement and in the last 10 years, approximately 1,900 dwellings came forward so on average the London Plan target of 146 was being exceeded. There was sufficient evidence to carry on with this approach. Members were informed that in previous local plans, inspectors had taken the view that the City was not a housing location and had not requested that sites be identified. The London Plan also identified the City as being primarily a commercial area and specifically stated that residential use was not appropriate in much of the City.

Officers considered that it would be beneficial to have a more supportive approach to housing in the Local Plan, particularly within the residential areas that had been identified. It could also be beneficial to be more supportive of alternative forms of residential use such as build-to-rent and co-living and have a more supportive approach to education provision including student housing where this was required to support higher education. The Officer stated that an additional residential area could be identified, and Officers suggested east of Bishopsgate between New Street and Artillery Lane as in the preparation of the 2015 Local Plan, this area had been suggested as a potential residential area.

The second approach was to identify specific sites in the Local Plan. The City has not done this before in previous local plans so this would be a fundamental change in the approach to delivering housing. The sites that had been identified could be specified in the Local Plan but on their own would not be sufficient to meet the targets set out in the London Plan. Officers did not suggest this as an appropriate way forward and this approach would reduce the flexibility on some sites as once a site was allocated, the site would effectively be sterilised for housing, making it difficult to have an alternative use on the site. There was also an option to identify a small number of sites given that some sites might come forward but Officers did not suggest that this option be taken forward.

The Officer stated that whichever option was chosen, Officers would continue to liaise with neighbouring boroughs. There was provision for local authorities, unable to identify enough housing land to ask neighbours to take some of the shortfall, but in informal discussions, it did not appear that neighbours would do this. There was a process that had to be followed to show inspectors that this had been explored.

The Officer stated that as a local authority and a housing provider, the City provided housing across a wide number of other London boroughs and was looking at this potential as part of the Market's Co-location Programme. If housing was delivered through these methods, it would not count towards the City's housing targets but it was relevant to identify this in the Local Plan and within evidence to an inspector that the Corporation was actively delivering housing for Londoners and delivering housing across London. Section 106 funding was being used to provide housing outside of the City to meet the needs of people on the City's waiting list and although the numbers could not be counted, the number of affordable housing units being provided could be quantified. There would be a pack of information provided to support the Local Plan and this would set out how the City was actively working to deliver housing.

The Officer confirmed that the option being suggested by Officers was a continuation of the current approach, with some greater emphasis on encouraging housing in and around the residential areas and looking at alternative forms of housing where appropriate.

The Chairman stated that he was comfortable with the figures proposed and that he had concerns about identifying specific sites within the Local Plan. He added that since parts of Bishopsgate had been suggested in 2015, it had become a very different environment, a large number of licensed premises had opened and there was a different demographic occupying the area. He raised concern that if the Plan pre-identified sites, this could potentially limit other sites coming forward which might be more suitable in five-years' time. He also stated that it should be clear in the Local Plan that the pepper-potting of residential sites around the square mile was not necessarily supported and although this was stated in the London Plan, this could also be reiterated in the Local Plan. He suggested that the Sub-Committee consider whether new economic drivers such as build-to-rent should specifically be encouraged.

In response to a Member's questions about the student housing and non-self-contained units, an Officer stated that the 1.8 and 2.5 measures outlined, were standard measures set out in the national guidance. Officers were not suggesting a reliance on these type of units but if appropriate sites came forward, they could be used in the figures. The Officer stated that in the last few years, the number of traditional residential housing sites coming forward had fallen. However, the market fluctuated over time. As the City recovered from the pandemic, demand for housing could increase and more sites could come forward. There was evidence to demonstrate a sufficient supply of housing going forward.

A Member suggested having a stronger tilt towards housing being built in identified residential areas could be viewed as positive by the inspector. He also stated that build-to-rent would not sterilise the land in the way traditional housing would. A build-to-rent unit could theoretically be redeveloped to another use so including this in the Local Plan would be appropriate. The Officer stated that the freehold structure meant once obtained, residential use

could not be changed easily. National policies were strongly against the loss of established residential units so effectively this sterilised the land and it became a housing site preventing other uses. Build-to-rent was potentially on shorter leases and an owner could potentially change use to an alternative use.

A Member commented that if the sites identified were existing buildings which required conversions, likely building code changes should be considered as these would increase EPC ratings, which could mean insulation was required. This could make it unaffordable to convert and could create derelict buildings.

A Member commented that an increase in residential units could help enliven the City, however, this might not be the case if they were second homes like many of the existing flats in the City. He raised concern about designating areas and stated that he was confident more sites would come forward especially Grade B office stock which could be difficult to repurpose for office use but could be suitable for residential conversion. He stated the importance of the Agent of Change principle and stated that he considered the Bishopsgate area to be unsuitable as an identified site.

A Member queried whether student accommodation was designated separately in planning to residential, as if it was, this would mean housing stock would not decrease if there was a change of use. The Officer stated that most student housing that had been permitted was sui generis use rather than C3 use. However, as student housing could count towards housing targets, a change of use could be a loss of housing. Any loss of housing units would be taken off the figures and any additional ones would be added to the figures.

A Member commented on the importance of not being reliant on student housing to reach housing targets. She considered that build-to-rent was a positive solution to encourage people to live in the City, which would help enliven it and she stated that the language used in the Local Plan in relation to this should be positive in a similar way to the language used in relation to hotels.

A Member commented that they were content with the numbers proposed and shared concerns about the suitability of the proposed residential area around Bishopsgate. They suggested that as the Smithfield area changed, there could be scope for more residential sites and Officers could look at other potential areas in the City which could be more suitable than Bishopsgate. The Member raised concern about identifying individual sites as if they were designated for residential use, they could become economically unfeasible. They also suggested that if existing residential areas were being considered for growth, these areas should be closely defined. The Officer stated that there were 10 residential areas in the city set out in the current Local Plan and no boundaries were drawn. The Officer stated that having boundaries would make it harder to adapt whereas having general indicative areas gave the ability to respond on a case-by-case basis.

A Member suggested that a clearer economic test could be applied to the effects of a development by segmenting it into co-living, student, permanent

residential and build-to-rent uses within that. He raised concern about sterilisation, the lack of ability to respond and the denial of space for other development. He stated that currently, student use was one of the most profitable classes for a developer, but economics and policies changed over time. Therefore, it could be beneficial to have a principle for assessing these residential uses more formally to allow a more fluid approach over time. The Member stated that he was content with the figures outlined and confident that there would continue to be demand for residential space in the City.

A Member queried that affordable housing was not mentioned in the report. The Officer stated that there was an aim to meet the London Plan target of a minimum of 35% affordable housing. The national and London Plan required there to be an emphasis on affordable housing on site. However, as the City was an owner of housing across sites in London, where affordable housing could not be delivered on site in the City, it was delivered elsewhere across the City's housing estates. Build-to-rent and co-living would give opportunities to people at the early stage of their career.

A number of Members raised concern about unlicensed short term lets as they were reducing the vitality of the community. An Officer stated that this concern could be highlighted in explanatory text to planning policy. An Officer stated that there was increasing demand for hotels in the City, and this could help mitigate demand for these types of short term lets.

The Officer commented that overall Members had expressed support for continuing with the existing approach, not identifying sites, not identifying an additional area in the east of the City, looking at how housing could be more positively promoted within the appropriate areas already identified in the plan and putting more emphasis on housing as housing rather than as second homes etc.

The Officer stated that at examination, the inspector would consider the figures and would need to be satisfied that if sufficient land or sites had not been identified within the process to meet identified targets, all necessary steps had been taken e.g. discussions with neighbours and the consideration of various sites. Evidence had to be provided that every option had been explored to deliver housing in a way which would support the City as a commercial centre, otherwise the plan could be found unsound and could not be taken forward.

An Officer stated that there was evidence to show the inspector that the current approach had not only achieved housing targets but overdelivered in terms of the housing requirement set out in the London Plan. Therefore, it was considered that a similar approach, with the amendments discussed in the meeting, would be the best approach for delivering in the City, given the unique nature of the square mile and the way in which housing provision affected its functions.

RESOLVED - That Officers continue to progress work on the City Plan based on Members' views on the proposed policy direction in relation to the policies on housing supply.

5. CITY PLAN 2040 - HOTELS

The Sub-Committee considered a report of the Planning and Development Director which set out options for updating policies to ensure there was sufficient accommodation to meet the growing visitor numbers.

Members were informed that the approach in the current Local Plan had encouraged hotels in appropriate locations and the clustering of hotels particularly near the Tower of London and around the St Paul's area had been encouraged. This followed on from work undertaken in 2009 which looked at hotel need and demand. Since then, the policy had delivered hotels in appropriate locations and enabled many older buildings, particularly listed buildings to continue to be used as these buildings were often more suitable for hotel use and could be more easily divided into bedroom sized spaces rather than open spaces for office use.

An Officer stated that it had been expected as a result of the covid pandemic, that demand would decrease. However, there had been significant demand for new hotel development in the City. This demand had been largely driven by hotel chains in Europe. Hoteliers and developers had seen post-covid demand was returning. This fitted in with the Destination City approach. The potential demand would be considered in more detail to plan the approach rather than allow pepper-potting. People visiting the City increased footfall and enlivened it and they should be provided with opportunities to stay in the City. It was also recognised that business travel was returning.

A hotel study had been commissioned from Avison Young. They had looked at the significant growth of hotels in the City over the last 10-15 years. There had been a 41% growth in hotels and 51% growth in hotel bedrooms. This was largely in 4* hotels or limited service hotels (hotels which provided clean and comfortable ensuite facilities, 24 hour reservations and a consistent level of facilities). There had also been growth in hotel chains for those with smaller budgets.

The hotel study had suggested that the increase in office space and increased demand from businesses was driving future hotel demand, as was Destination City and the increased footfall in the City, the impact of the Elizabeth Line and demand from a range of hotel brands, operators and developers for new facilities. The hotel study had estimated demand of an additional 350 hotel bedrooms per year up to 2037. This would equate to one large or two smaller hotels per year. The study also looked at whether there was any need to cluster as hoteliers favoured clustering. The areas looked at were the east of the City, around Tower and Smithfields, with the growth in that area including the museum and the future reuse of the market. These were both considered good locations for hotels.

The Officer informed Members that the first policy option was to continue with the existing approach to allow hotels as they came forward on an ad hoc basis and leaving it up to the market to decide rather than encouraging a range of hotel types. Whilst the market was generally supportive of this approach, this

approach did not give the emphasis the Destination City programme was looking to provide and would not provide emphasis that the City was an area where businesses were encouraged to bring staff for work purposes and an area where visitors could come and stay.

The Officer informed Members that the second policy option was a more positive, forward-looking approach which more specifically encouraged hotel development. Hotels were less constrained than other uses e.g. in terms of daylight and sunlight expectations, as guests were not in their rooms for as long. The presence of hotels had minimal impact on the office and commercial market. Hotels were not constrained by the same noise and amenity considerations as they would be if there were residential buildings nearby. This meant they could be delivered across wider areas of the City, particularly in older buildings including Grade B buildings which had difficulties in meeting EPC standards. This approach would include a target which would probably be an indicative target over a 10-year period rather than an annual target. It was also suggested that the approach could require a range of hotels with a range of facilities and the hotels should be open and out-facing, welcoming visitors and not just hotel guests. Where appropriate rooftops should be opened, with public access to the rooftop views and facilities. The Officer stated that in schemes approved in recent years, cultural and community space had been negotiated within hotels to encourage these types of space and these complemented the Destination City work.

Members were informed that Officers recommended the second, more positive approach.

The Chairman commented that hotel room demand was increasing year on year and whereas this demand used to be overspill from the West End, people were now actively searching for City sites. The Chairman also stated that a major hotelier was seeing the City as a destination and looking to increase rooms in the City. The Chairman also advised that the Destination City team were working on schemes to encourage business travellers to extend their business trips for leisure purposes. This would increase footfall and spending on local amenities.

The Chairman suggested having hotels around terminal and major sites such as the Tower of London could be beneficial. He and other Members raised some concerns about clustering within the City. He suggested that a steer be given in the Local Plan without this being too defined.

A Member commented on the potential to convert offices that were no longer suitable for use as offices. He also commented that it was important that hotels enlivened the City where possible and raised concern that where hotels provided a range of internal amenities, hotel guests would not use the local restaurants and shops. A Member commented that in some cases, there had been a need to restrict public access to internal hotel amenities.

A Member requested that public toilets should be provided in any hotels with public access.

A Member outlined a number of old buildings which had been returned to hotel use. An Officer commented that the number of listed buildings which lent themselves to hotels with the City, and were unsuitable for offices, was an untapped potential and there were heritage benefits.

The Chairman stated that one the challenges of heritage assets was reaching net zero. In response to questions, an Officer stated that the nature of a building dictated its performance in terms of carbon. Hotels had different profiles from offices in relation to demand for heating and cooling and more water was used in hotels. In relation to floor plans, hotels could have smaller rooms, designed in a flexible way, whereas for offices, there was generally a demand for larger floor plates. The report recommended allowing an increase in change of use from office to hotels in certain circumstances. This would help with the retention of some existing buildings as they could be converted to hotel buildings on a economically viable basis. Both heritage buildings and some newer buildings could be suitable for the change of use.

RESOLVED - That Officers continue to progress work on the City Plan based on Members' views on the proposed policy direction in relation to the policies on hotels and visitor accommodation.

6. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

There were no questions.

7. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT
Technical Briefing for Members of the Planning and Transportation Committee

The Chairman requested that Officers arrange a technical briefing on the Local Plan for Members of the Planning and Transportation Committee in September 2023, before it was submitted to the Planning and Transportation Committee in October 2023.

The meeting ended at 10.15 am

Chairman

Contact Officer: Zoe Lewis
zoe.lewis@cityoflondon.gov.uk