

Matter 4 – Economic Development, Retail and Town Centre Uses

4.3 Affordable Workspace:

- (i) *is Policy ED2, which seeks to promote affordable workspaces, sufficiently responsive to sensitive viability considerations, or are there soundness issues with its application, for example in relation to applications for redevelopment and refurbishment of office space?*

There are soundness issues which the Inspector needs to take into account when considering Lambeth's proposal to introduce a new affordable workspace policy.

First, it is not consistent with national policy. There is no justification within either the NPPF or the NPPG for subsidising a proportion of business floor space.

Second, the need to provide affordable workspace in Lambeth has not been sufficiently justified. The Intend to Publish London Plan will introduce Policy E3 on affordable workspace, subject to changes recommended by the EIP Panel. However, that policy clearly states that planning obligations to secure affordable workspace need to be justified in defined circumstances set out in Parts B and C of that policy.

Part B defines three such circumstances where consideration should be given to the need for affordable workspace, namely:

- 1) Where there already is or has been affordable workspace on the site (except where that affordable work space has been provided on a temporary basis pending redevelopment of the site).
- 2) In areas identified in a local Development Plan Document where pressures could lead to the loss of affordable or low cost workspace.
- 3) In locations identified in a local Development Plan Document where affordable workspace would be necessary or desirable to sustaining a mix of business or cultural uses which contribute to the character of an area.

Part C says that in their Development Plans, Boroughs should consider affordable workspace policies where there is local evidence of need and viability.

Instead of carefully following these criteria and assessing whether the above circumstances apply, Lambeth Council has instead looked at areas where it is thought that financially, affordable workspace could be supported and the draft policy sets different levels of subsidy based on that theoretical ability to afford it, rather than where there is a justified need.

In reality, Lambeth has a wide range of business accommodation, in terms of sizes, quality, locations and prices across the Borough. As such, there is no market failure that needs to be addressed by the introduction of this new draft Planning Policy.

In addition, there are four additional considerations that the Inspector should take into account:

1. Unlike affordable housing, where there is a specific social need to help those who are less fortunate, businesses do not have the same social needs.

2. The policy would not be workable in practice. For example, who would decide when a business has become 'too successful' to be allowed to occupy such accommodation. It is clearly counter-intuitive for those businesses which are successful, to then be penalised by having to move out of their accommodation.
3. All subsidised employment space distorts the market, giving an unfair advantage to businesses who benefit from it compared with those that do not. Related to the point above, it also provides a perverse disincentive for a business to succeed and it is not in the interests of the economy to focus resources on weak businesses.
4. The requirement imposes an additional cost on the rest of the business floorspace and 'taxing' business floorspace in this way, will not only reduce the amount of business space that comes forward, but will also make it more expensive for companies who occupy the unsubsidised space.

In conclusion, as well as not being justified by National Policy, the Council has not provided the required justification to meet the criteria of Intend to Publish London Plan Policy ED3. Therefore Lambeth draft Policy ED2 is unsound. It follows that it should be deleted in its entirety.

The Inspector goes on question the application of that policy for both redevelopment and refurbishment of office space, as well as what the justification is for the proposed rents and whether certain types of office floor space should form an exception. With the draft policy not being sound and needing to be deleted, Grainger does not propose to go on and answer these further questions within this Statement.