Hackney Local Plan (LP33) Examination 2019
Hackney Council Response

Matter 5 – Employment

Main issues – Whether the Plan sets out a positively prepared strategy for the delivery of employment development that is justified, effective and consistent with the London Plan and national policy and relevant policies are sound?

60. The Hackney Employment Land Study (ED034) identifies that there is a need to plan for an additional 117,797 sqm of office floorspace over the plan period. An objective of the Plan seeks to provide at least 23,000 new jobs by 2033. Are these identified needs based on robust evidence? Does the Plan clearly identify the floorspace/land requirement necessary to meet these needs? Have any other employment needs been identified? How many jobs will the provision of 117,797 sqm of new office floorspace create?

5.1. The identified need for an additional 117,797 sqm of office floorspace over the plan period and the Plan’s objective to provide at least 23,000 new jobs by 2033 are based on robust evidence.

5.2. The Hackney Employment Land Study (ED034) assesses employment floorspace need for Hackney during the plan period through the consideration of past trends and a range of scenarios in line with the National Planning Policy Framework (NPPF) and the Planning Practice Guidance (PPG) and sensitivity tested these trends and scenarios using different employment densities.

5.3. The Employment Land Study (ED034), taking into account the current pipeline with planning permission, establishes a minimum additional floorspace need requirement of 117,797 sqm for B1a/B1b.

5.4. The Employment Land Study (ED034), tests the robustness of the quantitative analysis (detailed in 5.2) by analysing the economic context for employment land provision in Hackney. This includes:
   ● Hackney’s Socio Economic Profile (i.e. population trends; business activity etc.)
   ● The wider Functional Economic Market Area within which Hackney’s local economy operates;
   ● Property market indicators (i.e. rents; availability; take-up etc.);
   ● Commercial Floorspace Viability in Hackney including the provision of Affordable Workspace;
   ● Sector Analysis detailing those businesses sectors active in the local Hackney marketplace; and
   ● An online survey of local businesses and case studies to better understand their current views; needs and future aspirations.
5.5. This multi-faceted analysis further confirmed the floorspace demand projections as being an appropriate minimum threshold and and as such it is the Council’s view that the assessment of Hackney’s employment needs over the Plan period is robust.

5.6. The 23,000 jobs identified in the Local Plan is based on the GLA’s employment projections for Hackney and covers all jobs, across all sectors and inform GLA policy and the London Plan (ED034, paragraph 4.4.8, p87). These projections were used as part of the quantitative analysis that informed the findings of the Employment Land Study. To inform the employment policies in LP33, the proportion of B class jobs for each sector has been estimated and converted into floorspace using standard HCA employment densities. The forecasts and projections used are considered to be robust. The delivery of 117,787a of office floorspace will deliver between 11,000 to 13,000 jobs. This is based on a job density of 1 job per 10.8sqm (as set out in the Employment Land Study (ED034)).

5.7. Jobs are also anticipated to arise from other sector growth in the Borough including retail and leisure (3300) education (3000), health (2800) and construction sectors (1300). Retail, leisure and visitor accommodation provision in the borough will deliver approximately 2200 jobs.

5.8. To meet the identified needs in the Plan of 117,797 sqm of office floorspace over the plan period and to deliver the Plan’s objective of 23,000 jobs (of which employment B use class related jobs will contribute up 13,000 jobs), the Plan designates Priority Office Areas (POAs), Priority Industrial Areas (PIAs), 21 designated retail centres and also includes site allocations for commercial floorspace.

5.9. It is proposed to amend the Chapter Objective to make it clear that the 23,000 jobs covers a wide range of sectors. It is proposed to amend the chapter objective (pg 93) as follows:

Chapter objective:
To support a diverse and mixed economy providing at least 23,000 new jobs across a range of sectors by 2033 and maximise the supply of affordable workspace and low cost industrial space.

5.10. It is anticipated that the majority of the Borough’s office needs will be accommodated in the south of the borough within the Shoreditch POA. This POA is the largest designed POA and falls within the Central Activities Zone and the City Fringe Opportunity Area. The emerging Shoreditch Area Action Plan will identify a number of sites within the Shoreditch POA to accommodate future office growth (see Shoreditch Issues and Options document ED012).
5.11. There are several clusters of employment uses within town centre and local shopping centre designations. LP26 continues to promote employment provision in town centres in line with national and regional policy. The Plan also allocates 33 sites within the plan, of which 24 are allocated for employment or mixed use development which includes commercial floorspace in line with the growth strategy set out in set out in Section 3 of the Proposed Submission Local Plan (SD01).

5.12. The ELS identifies other employment needs for Hackney over the Plan period. The Council’s Authority Monitoring Report (ED021) and Employment Land Study (ED034) both evidence the significant loss of industrial floorspace in the Borough over the past 15 years. Whilst the ELS does not identify a need for additional industrial floorspace over the plan period, the findings of the study highlight the need to ensure the retention of an adequate stock of industrial capacity to support a diverse, adaptable and more sustainable economy. This is particularly important for B1c floorspace in the Borough where the ELS suggest that only a loss of 574sqm would be acceptable over the plan period. The designation of Priority Industrial Areas provide development opportunities for industrial floorspace retention and reprovision along with scope to overall increase jobs densities through provision of office and mixed use development. This approach is supported by the Council’s viability study (ED016) and in line with growth strategy set out in Section 3 of the Plan. Please also refer to the Council’s response to Question 64 which provides more detail regarding the loss of industrial floorspace in the borough.

5.13. The Employment Land Study (ED034), Affordable Workspace statement (ED035) and the Hackney Economy, Workspace and Social Value Report (ED061) also identify the need for affordable and low cost workspace within the borough to support the needs of start-ups, SMEs and cultural and creative enterprises. Please refer to the Council’s response to Question 63.

61. Is it clear how and where the new office floorspace development will be located? What is the land supply needed to meet the requirement and are the sites allocated in the Plan?

5.14. The Plan clearly identifies and designates appropriate and sustainable locations where new office will be directed to and clearly sets these designations out in the local plan policies. New office development will be directed to the most sustainable office locations in the borough which includes the Central Activities Zone, designated Priority Office Areas, designated centres and site allocations (where specified). New office provision may also come forward to a lesser extent in designated Priority Industrial Areas (PIAs) in line with LP28 B criteria ii, where this commercially viable to do so (see Map 1. Key Diagram in the Proposed Submission Local Plan (SD01).
5.15. The land supply need needed to meet this requirement includes the Central Activities Zone, designated Priority Office Areas, and site allocations, although as set out in the Council’s response to Question 60, the majority of the land supply is within the Shoreditch POA which sits within the Central Activities Zone and City Fringe Opportunity Area and has the potential to accommodate the majority of the borough’s office needs over the plan period as evidenced by the sites identified in the Shoreditch Issues and Options Document (ED012).

62. Are the employment policies sufficiently flexible to accommodate needs not anticipated in the Plan and do they allow a rapid response to changes in economic circumstances, in accordance with national policy?

5.16. The employment policies in the Plan are considered sufficiently flexibility to accommodate needs not anticipated in the Plan in accordance with national policy as demonstrated in the following paragraphs.

5.17. Policy LP27 Part A ensures that new office floorspace must be flexible/ adaptable to accommodate a range of unit sizes and types, suitable for sub-division and configuration for new uses and activities, including occupation by small or independent commercial enterprises. This will ensure development meets the needs of a range of occupiers not anticipated in the Plan period who require different types of workspace typologies, and will enable flexible working practices. Policy LP27 B requires applicants to submit a marketing strategy in accordance with Appendix 1 to demonstrate to the Council that all office space provided is flexible and meets the needs of likely end users. Similarly, Policy LP28 A requires new industrial floorspace to be flexible and adaptable for different types of uses and suitable to meet future needs.

5.18. Policy LP27 C sets out minimum thresholds in line with the Council evidence (Employment Land Study ED034 and Viability Report (ED016) to ensure the protection of the employment land and floorspace within Priority Office Areas and the continued function of these areas for employment purposes. In line with policy, new development must be employment-led and in line with specified thresholds, and must provide the maximum economically feasible amount of employment land and floorspace for the site, subject to viability. However whilst these sites are being prioritised for employment uses there is flexibility to consider mix use proposals where marketing evidence clearly demonstrates that the site’s use predominately for employment is commercially unviable and/or the amount and specification of the employment floorspace to be provided would benefit from cross subsidisation from other uses. The application of this policy is sufficiently flexible and a starting point for negotiation depending on site-specific evidence available at the time including consideration of local circumstances and the economic viability of development. Applications for alternative uses of land or buildings should be treated on their merits.
having regard to market signals and the relative need for different land uses to support sustainable local communities in line with other policies in the Local Plan.

5.19. Policy LP30 sets out the Council’s position regarding land use in railway arches in the borough. The policy is supported by the Council’s Employment Land Study which stresses the need to protect these uses for employment purposes given the increasing pressures on employment land particularly industrial uses (which arches are important locations for some of the heavier industrial uses in Hackney). This is in line with the Council’s employment evidence base (see ED034 and ED021). However a modification is proposed to this policy as set out in the Council’s response to Question 68 to provide further flexibility to accommodate a range of uses (in addition to ancillary uses) subject to meeting the criteria in the policy.

5.20. The employment policies are considered to allow a rapid response to changes in economic circumstances in line with paragraph 21 of the National Planning Policy Framework national policy. LP33 Policies 27 and 28 look to protect the extremely tightly drawn clusters of viable employment land and floorspace in the borough’s main employment designations (POAs, PIAs and LSISs) while avoiding the long term protection of land and sites in employment use outside of these designations where there is no reasonable prospect of a site being used for that purpose. In this regard, Policy LP27 and LP28 allow for the loss of employment floorspace outside of designated POAs and PIAs and LSISs where:

- marketing evidence is submitted which demonstrate the site is no longer appropriate for continued employment use;
- any reduced quantum of employment floorspace provision results in better quality space compared to what existed previously and results in higher density employment; and
- any new employment floorspace has a strong likelihood of being let supported by a marketing strategy.

5.21. The Local Plan sets out the requirement for marketing evidence in policies LP26 C criteria i, LP27 H criteria i, LP27 H criteria iii, LP28 B criteria ii, LP28 E criteria i, LP29 B. Appendix 1: Marketing evidence and marketing strategy in the Plan provides appropriate guidance to developers and applicants on how to demonstrate if there is local demand for employment floorspace. This ensures that the Local Plan can respond to changing economic needs and responds to market signals. It is also important to ensure Hackney’s policies remain relevant throughout the 15 year plan period and respond to its evidence base.

63. Reference is made in the supporting text of several employment policies to Appendix 1: Marketing evidence and marketing strategy. What is the status of this appendix? Is the provision of marketing evidence a requirement for relevant development and if so, is this justified and clearly set out in the Policies?
5.22. Appendix 1 is a one mechanism (policy test) by which Hackney’s policies have regard to market signals. The requirement for marketing evidence seeks to ensure evidence is provided that the commercial opportunities of sites and demand for these sites in continued employment use are considered at the onset rather than as an afterthought. In order to ascertain the relevant market signals of a given site, as defined in paragraph 22 of the National Planning Policy Framework (NPPF) 2012, it is deemed appropriate and justified that the onus is placed on the applicant to provide marketing evidence as part of their submitted application as this demonstrates local demand and provides reasoning for the amount of employment floorspace to be provided. Appendix 1 of the Local Plan provides appropriate guidance to applicants and developers on how this can be achieved. This approach which is set out within the existing adopted Development Management Local Plan (ED04) has been successful at planning appeals in retaining important office stock in the Borough (see appeal decision for example APP/U5360/A/12/2184886).

5.23. Modifications are proposed to policies to make it clear that marketing evidence must meet the requirements of Appendix 1.

5.24. It is proposed that LP26 C criteria i (p94) is amended as follows:

it can be demonstrated that there is a reasonable prospect of it being occupied (refer to Appendix 1); and

5.25. It is proposed that LP27 H criteria i (p98) is amended as follows

i. Robust marketing evidence (refer to Appendix 1) is submitted which demonstrates that there has been no demand for the existing or vacant land and floorspace for its current or former use, and the possibility of retaining, reusing or redeveloping it for similar or alternative smaller or more flexible units for employment generating use, or other alternative employment generating use has been fully explored;

5.26. It is proposed that LP27 H criteria iii (p98) is amended as follows:

iii. It is demonstrated that the new commercial floorspace being provided has a strong likelihood of being occupied through the submission of a detailed marketing Strategy (refer to Appendix 1).

5.27. It is proposed that LP28 B criteria ii (p101) is amended as follows:

ii. include the maximum viable amount of employment floor space (refer to Appendix 1); and

5.28. It is proposed that LP28 E criteria i (p101) is amended as follows:
i. Robust marketing evidence (refer to Appendix 1) is submitted which demonstrates that there has been no demand for the existing or vacant land and floorspace for its current or former use, and the possibility of retaining, reusing or redeveloping it for similar or alternative smaller or more flexible units for employment generating use, or other alternative employment generating use has been fully explored; and

5.29. It is proposed that LP29 B (p102) is amended as follows:

B. Major employment and mixed use schemes involving the redevelopment of existing low cost employment floorspace must re-provide the maximum economically feasible amount of low cost employment floorspace in perpetuity (refer to Appendix 1), at equivalent rents and service charges, suitable for the existing or equivalent uses, subject to current lease arrangements and the desire of existing businesses to remain on-site.

64. LP26 New employment floorspace

a. Evidence in ED034 concludes that the existing Locally Significant Industrial Areas (LSIS) and Priority Employment Areas (PEAs) designations are fit for purpose, and suggests these are extended in three locations. The Plan proposes to use the LSIS designation and to differentiate between Priority Office Areas (POAs) and Priority Industrial Areas (PIAs). Is this approach justified by the evidence? Are the designations clearly set out in the policy? Are they justified by robust evidence, is their extent soundly based and are they viable and deliverable? Are they clearly defined on the Policies Map? What is the purpose of including Maps 3 and 4 in the Plan?

b. Is the use of the term 'will be supported' within the policy effective?

c. Is the negative wording of part C justified, effective and consistent with national policy?

d. Is the level of detail in part G appropriate for a planning policy or is this duplicating building regulation requirements?

e. Para 8.5 of the Plan seeks a high proportion (60+% ) of employment floorspace and affordable workspace in Dalston, Wenlock and Shoreditch POAs, subject to viability. On what basis has this been assessed and is it justified?

Response to 64 a

5.30. Hackney has a limited reservoir of designated employment land. This land is currently made up of fifteen designated as Priority Employment Areas (PEAs) and three Locally Significant Industrial Sites (LSIS). Together, the existing designated PEAs (including the Central Activities Zone) and LSIS as set out on the adopted Policies Map (ED05) account for 6.4% of the borough’s total land area. Notwithstanding this modest land area, they resemble the core portfolio of existing employment land assets comprising of 719,858m2 of employment floorspace.
5.31. The Council’s current adopted policy approach as set out in the adopted Development Management Local Plan (ED04) requires employment-led development within designated Priority Employment Areas (PEAs) as set out in Policy DM17 but does not specify the type of employment that needs to be provided. This leaves the market to influence what type of B use class floorspace is delivered within new development.

5.32. There are distinct differences between office and industrial property market as evidenced in Table 3 of the Hackney Employment Land Study (ED034) and Table 4.12.1 in Hackney’s Viability Report (ED016). Office floorspace in Hackney can command rents from £350 per square meter in the lower value areas of Hackney (north) up to £600 per square meter in the higher value area of the City Fringe. This is comparatively much higher than industrial rents of £160 per square meter and £170 respectively. These strong market fundamentals in favour of office floorspace has meant that over time there has been a significant decline in industrial land/floorspace within the borough and particularly within the southern PEAs, and the replacement of this floorspace with higher value office floorspace within new development. This is evidenced by Table 18 in the Employment Study (ED034) which shows a loss of 162,166sqm industrial floorspace over 15 years (2002-2016). Further evidence of these losses is illustrated in Table 6.2 of the Council’s Authority Monitoring Report (ED021) which shows a significant net loss of industrial space in the borough’s PEAs as a whole over the past 5 years (2013-2017). Within the PEAs these losses have occurred in B1c, B2 and B8, with total losses of 12,505, 2,866 and 18,967 sq metres.

5.33. The Council’s evidence indicates that these trends are likely to continue due to market forces unless an appropriate planning response in introduced within the new Local Plan. To ensure that the identified employment needs were met over the Plan period, the Council therefore has further refined the policy approach regarding the protection of employment land and floorspace in the borough based on robust evidence, supplemented by monitoring evidence and shaped by the Council’s sustainable growth strategy. The Local Plan carries forward the thrust of recommendations from the ELS by carrying forward the designation clusters of employment land in the borough, however, in order to help retain vital industrial land and floorspace within Hackney and ensure that sufficient office floorspace is delivered to meet Hackney’s economic needs, the Plan differentiates between Priority Office Areas (POAs) and Priority Industrial Areas (PIAs). The new approach is justified as it will ensure that, vital office and industrial land in the borough is protected in line with the Council’s employment evidence and the London Plan, and that the Borough’s office needs will be met and provided in the most sustainable and viable locations.
5.34. The POA and PIA areas and their location have been classified primarily based on their predominant existing uses as outlined initially in Appendix 1 of the Employment Land Study (2017) however in determining their suitability, the Council also took into other key factors including:
- Main uses and existing businesses
- Neighbouring uses
- Accessibility and physical site constraints
- Quality of business space / low cost workspace present
- Vacancy rates
- Conservation or heritage considerations
- Residential encroachment
- Planning and enforcement history / Pipeline developments
- The potential for intensification
- Representations received at Regulation 18 and Regulation 19 stage
- Other sub-regional and regional policy designation as set out in the London Plan.

5.35. The Plan designates five Priority Office Areas (Shoreditch, Wenlock, Kingsland, Mare Street & Dalston) on the Policies Map (SD02) and clearly defines these in Policy LP26. This approach is supported by the Greater London Authority (LB EX01b). Hackney’s employment evidence clearly demonstrates that B1a floorspace is in high demand over the plan period 2018 - 2033. These are considered to be the most viable and sustainable locations to accommodate office development. They represent some of the largest designated employment areas in the Borough with the greatest potential for intensification. The Shoreditch POA and southern part of Wenlock POA fall within the Central Activities Zone. The Dalston, Mare Street and Kingsland Road fall within the City Fringe Opportunity Area which is recognised as having significant office function supported by the London Plan Policies 4.2, 4.10 and Table A1.1 Opportunity Areas (ED01), and draft New London Plan Policies SD1, SD5 and E1 (ED02). This approach is justified by the Council’s employment evidence which recommends that Hackney’s existing PEA policies should be strengthened in response to the tight demand / supply balance over the plan period. The study stresses that any new employment policy should focus on B1a provision in meeting demand but also support other B uses class uses also.

5.36. Hackney’s POAs vary greatly in terms of size, typologies and density. The predominant typology across the borough is office space in the form of small studios/units for SMEs and creative professionals. In the south of the borough, POAs host a large number of corporate offices for professional services linked into the economy and workspace ecosystem of the CAZ and the City. In contrast, other POAs contain more industrial uses and smaller workspaces such as small and independent co-working spaces, artists' studios and SMEs (see Hackney’s Economy, Workspace and Social Value Report, ED061).
5.37. The Plan designates ten Priority Industrial Areas (De Beauvoir, Anton Street, Homerton, Tilia Road, Shacklewell, Hackney Downs, Red Square, Belfast Road, Prout Road & Theydon Road) clearly sets these out in Policy LP26. These equate to 1.7% of the borough’s land area. These are key smaller clusters of industrial land which typically feature similar characteristics. The predominant PIA workspace typologies are warehouses and railway arches, the form of workshops/studios or storage spaces. In all of the PIAs, industrial activities co-exist with studio/smaller-scale production spaces or low specification office spaces, targeted to SMEs and the creative industry (ED034, ED061).

5.38. The Locally Significant Industrial Locations are considered justified as they are in line with the recommendations of the Employment Land Study (ED034) and are consistent with London Plan Policy 4.4 and draft new London Plan Policy E6.

5.39. The employment policy designations are clearly set out in the Policy LP26. All employment designations including the Priority Industrial Areas, Priority Office Areas and Locally Significant Industrial Sites are all clearly defined on the Policies Map. The purpose of Map 3 is to clearly show the extent and geographical spread of the POAs, PIAs and LSISs in the Borough. It is proposed to amend Map 3 (p96) to include the LSIS and SIL designations that fall within the London Legacy Development Corporation.

5.40. The purpose of including Map 4 was to aid understanding of changes for the purpose of Regulation 19 consultation. It is proposed that Map 4 (p100) is deleted as the extension to the POA as recommended in the ELS has been reflected on the Policies Map.

Response to 64 b

5.41. It is proposed that Policy LP26 (p93) is amended as follows:

New employment floorspace (B class) in the borough will be supported in **should be provided in** Locally Significant Industrial Areas, Priority Office Areas, Priority Industrial Areas, Central Activities Zone, and designated town centres.

Response to 64 c

5.42. Policy LP26 C is considered justified, effective and consistent with national policy. The Hackney Employment Land Study assessed the Borough’s employment needs in line with paragraphs 160-161 of the NPPF and identified a significant need for employment floorspace over the plan period (minimum 117,797 sqm). In response, the Plan sets out a clear strategy to supporting economic growth by protecting the existing office floorspace in the borough and directing new office development to the most sustainable and viable locations (also see the Council’s response to Q60) in line
with national policy. Any new employment provision should be directed to these locations. However the Council recognises that may be some instances where employment floorspace outside of the locations outlined in LP26A may be appropriate and sets out criteria which must be satisfied. For example, the provision of workspace within a large estate renewal scheme where the space would be small scale and help contribute to place making or employment provision provided as part of a temporary use / meantime use.

5.43. It is proposed that that Policy LP26 C (p94) is amended to read:

New employment space outside of the locations outlined in A will only be permitted if the following criteria are met: be permitted where:

i. it can be demonstrated that there is a reasonable prospect of it being occupied; and
ii. the employment use is small-scale and would contribute towards place making; or
iii. the employment space is being provided as part of a temporary use; and
iv. does not have an unacceptable impact on residential amenity.

Response to 64 d

5.44. The Council considers that the level of detail in part G is considered appropriate for a planning policy as it addresses a key issue highlighted by conversations with businesses regarding meanwhile use of new business space pending the occupancy by permanent end users. There have been cases of small ground floor commercial spaces that remain vacant for many months awaiting the end user to occupy the space. This policy is aiming to secure the basic fit out by an early trigger point so that businesses and social enterprises could make immediate use of the space. Developers would be supportive given the early income and security these users provide as well as providing active frontages.

5.45. It is proposed to amend Policy LP26 G as follows:

G. New employment floorspace (all B use classes) should be fit-out to a standard that enables the immediate occupation by businesses, including basic mechanical and electrical services, fire detection and protection services and internal surface finishes.

5.46. It is proposed to include the following supporting text (p95) to clarify the purpose and objective of this policy as set out below:

8.7 New employment floorspace (all B use classes) should be fit-out to a standard that enables the immediate occupation by businesses, including basic mechanical and electrical services, fire detection and protection services and internal surface finishes. This will support meantime use of employment floorspace by businesses and social
enterprises which would aid in the activation of such space pending the permanent occupation by end users.

Response to 64 e
5.47. The requirement to deliver a higher proportion (60%) in Shoreditch, Wenlock and Dalston POAs is justified in line with the Council’s evidence base and London Plan Policies 2.13. Hackney’s Employment Land Study (ED034) recommends that opportunities to deliver a greater than 51% proportion of B1a floorspace on key intensification sites should be explored given the tight demand/supply balance. In informing the threshold, consideration was also given to the reduced scope for employment-led schemes/ new office being delivered within PIAs on commercial viability grounds due to the need to protect existing industrial floorspace. Therefore Policy 26 maximises office provision in the most sustainable and viable locations within the five designated POAs.

5.48. The Shoreditch POA and southern part of the Wenlock POA fall within the Central Activities Zone (CAZ). The 60% locally defined threshold takes account of local evidence on need and is considered justified to support the continued role and strategic function of the CAZ as an international and national office location, ensuring development proposals increase office floorspace within CAZ and include a mix of uses including housing in line with Policy 2.11 of the London Plan (ED01). Further, in accordance with the draft new London Plan Policy SD5 (ED02) and the Central Activities Zone Supplementary Planning Guidance (ED066), greater weight is given to office and other strategic CAZ uses as a first priority.

5.49. All three POAs (Shoreditch, Wenlock and Dalston) fall within the City Fringe Opportunity Area, identified in Table A1.1 of the London Plan (ED01) and section 2.1.65 of the draft New London Plan (ED02). Shoreditch and the southern part of Wenlock fall within the inner core where the demand for office is the highest. The City Fringe Opportunity Area Planning Framework (ED068) recommends that strong consideration should be given to developing employment-led schemes and to the opportunity to provide an overall uplift in employment floorspace, through more intensive redevelopment of sites. The northern part of Wenlock POA and the Dalaston POA fall within the outer core where demand is expected to increase in the medium to long-term.

5.50. Major new rail infrastructure, Crossrail 2, is likely to be introduced into Dalston. If confirmed, this will transform the way that this centre is connected to the London rail network. Various sites across the town centre area currently safeguarded to protect the land required for the future development of this major infrastructure. The introduction of Crossrail 2 will give rise to significant development opportunities to accommodate growth including employment-led schemes.
5.51. The Council’s approach to designating POAs is supported by the Greater London Authority and aligns with the approach set out in neighbouring borough Local Plans including the City of London, Islington and Tower Hamlets (see EX01b).

5.52. The 60% threshold requirement as set out in LP27 C criteria i, along with the affordable workspace requirements have been tested for the Dalston Wenlock and Shoreditch POAs in the Council’s viability evidence (ED016) see section 6.23 - 6.28. This testing demonstrated that this policy is viable and can be effectively implemented along with other Local Plan policies. In the event that site-specific viability issues emerge, the Council will apply the policy requirement flexibly. This could include, for example, varying the balance between residential and employment uses to provide a higher amount of cross-subsidy to the affordable workspace where necessary.

65. LP27 Protecting and promoting office floorspace in the Borough
f. Is the negatively worded policy justified?
g. Is the policy sufficiently flexible, effective and consistent with the London Plan and national policy?
h. Are the different floorspace percentages for B1 employment use within the POAs justified by robust evidence? Is the Plan clear on how this will be monitored and measured? Are the percentages viable and deliverable?
i. Is part H relating to the retention of office floorspace consistent with national policy? Where relevant, does it allow flexibility for the consideration of alternative uses, in accordance with paragraph 22 of the Framework?

Response to 65 f

5.53. Policy LP27 is considered justified as it considered the most appropriate planning response to ensure the Council meets identified office needs over the Plan period. The policy directs office to the most sustainable locations in Hackney including the Central Activities Zone (CAZ), Priority Office Areas (POAs) and designated retail centres in line with the recommendations of the Employment Land Study (ED034) and in accordance with polices 2.10, 2.11, 4.2 of the London Plan (ED01) and policies SD4, SD5, E1 of the draft new London Plan (ED02) and paragraphs 18-22 of the National Planning Policy Framework. These POAs represent some of the largest designated employment areas in the Borough with the greatest potential for intensification as identified in the Council’s employment evidence. The thresholds specified have are justified by the Council’s employment evidence (ED034), the Central Activities Zone Supplementary Planning Guidance (ED066).

5.54. The Council’s Employment Land Study (ED034) highlights the diverse range of sector growth anticipated over the plan period. The requirements set out in Policy LP27 A will ensure that the design of new business floorspace is flexible to respond to changing economic conditions and the varying needs of end users in accordance
with national policy and regional policy (Policy 4.1 of the London Plan, ED01). Policy 27 B will ensure that applicants submit evidence to demonstrate how these parameters have been met.

5.55. It is proposed that LP28 B (p101) is amended to read as follows:

New development within designated POAs will only be permitted if where it is employment-led where B1 use class is the primary use in line with the below thresholds, subject to viability.

i. Within the Future Shoreditch AAP (Shoreditch POA and part of the Wenlock POA) - at least 60% of the floorspace across the area as a whole is B1 employment floorspace

ii. In the Dalston POA and remainder of the Wenlock POA – at least 60% of the overall new floorspace on a site is B1 use class

iii. In remaining POAs – at least 50% of the overall new floorspace on a site is B1 use Class.

D. Retail, hotel, community, leisure, residential development in POAs will only be permitted if where all of the following criteria are met:

i. The development forms part of an employment-led mixed-use scheme including conversion schemes meeting the thresholds identified in Ci. and ii. above.

ii. Proposals must be appropriate to the characteristics and functioning of the site and will not compromise the on-going operations of businesses in the POA.

iii. Proposals must satisfy the requirements of Policies including; other employment policies, Policy LP8 (Social and Community Infrastructure), Policy LP25 (Visitor Accommodation) Policy LP32 (Town Centres), and Policy LP38 (Evening and Night Time Economy).

iv. Residential uses are not provided at ground floor level.

Response to 65 g

5.56. Policy 27 is considered sufficiently flexible, effective and consistent with both the London Plan and national policy as set out in the Council’s response to this question and Question 62.

Response to 65 h

5.57. The different floorspace percentages for B1 employment use within POAs are considered justified and supported by the Council’s employment evidence, polices 2.10, 2.11, 4.2 of the London Plan (ED01) and policies SD4, SD5, E1 of the draft new London Plan (ED02) and the Council’s viability evidence (ED016). The justification for the 60% threshold for Dalston, Wenlock and Shoreditch POAs is set out in detail in
the Council's response to the Inspector's Question 64e (see paragraphs 5.48 - 5.53). The requirement for at least 50% for remaining POAs (Kingsland POA and Mare Street POA) is in line with the Council’s employment evidence which stresses that B use class provision should form the majority of the scheme and that any less on average across designated employment sites is likely to jeopardise Hackney’s ability to meet its projected employment floorspace demand.

5.58. The Council will monitor the effectiveness of Policy 27 in delivering floorspace in accordance with these threshold requirements annually through its Authority Monitoring Report.

5.59. Demand for B1 office space has increased significantly in London over the last five years, with supply of new space failing to meet new demands. Hackney is well placed to meet part of this demand, especially in the City fringe and London Overground ‘corridor’ (Dalston, Hackney Central, Hackney Wick and Stoke Newington). These areas have already seen speculative office development, including shared workspace for micro-businesses. The percentage requirements as set out in LP27 C criteria i-iii, along with the affordable workspace requirements set out in Policy LP29 have been tested for six typologies in five value areas in the Council’s viability evidence (ED016), see section 6.23 - 6.28. This testing demonstrated that percentage requirements for B1 use as set out in the Policy are viable in the City Fringe and mid-value parts of the Borough (Dalston/ Mare Street) and can be effectively implemented along with other LP policies. The report does highlight that in lower value parts of the Borough (in the north) where office rents are lower, that policy requirements will need to take account of local circumstances and the economic viability of development as there may be instances where the policy requirement is unviable. This is accounted for in Policy 27 C which stipulates that these thresholds are subject to viability. Developments of B1 employment space in POAs can include an element of residential floorspace to cross-subsidise delivery of employment floorspace where necessary, although this is only likely to be required in the north of the borough.

Response to 65 i

5.60. Part H of the Policy LP26 is considered to be consistent with national policy, specifically paragraph 22. Given the significant office needs identified over the plan period, Policy LP26 H ensures that there is no net loss of B1a floorspace within the Borough’s designated Priority Office Areas, which are the most sustainable and viable office locations in the borough as evidenced through the Employment Land Study (ED034 and the Viability Report (ED016). This is also considered important in maintaining the continued role and function of these areas for employment purposes. The Plan allows for greater flexibility outside of designated POAs and sets out the circumstances where a loss of employment land/floorspace is acceptable in LP26 I.
66. LP28 Protecting and promoting industrial land and floorspace in the Borough
j. Is the negatively worded policy justified?
k. Is it sufficiently flexible, effective and consistent with the London Plan and national policy?
l. Is part D and E relating to the retention of industrial floorspace outside of PIAs, consistent with national policy? Where relevant, does it allow flexibility for the consideration of alternative uses, in accordance with paragraph 22 of the Framework?

Response to 66 j&k

5.61. Policy LP28 is considered by justified in line with the Council’s employment evidence (ED034) and the Local Plan Policies 4.4 (ED01) and the new London Plan Policy E4 (ED02).

5.62. Hackney has very limited designated industrial land. There is no designated Strategic Industrial Land and only three small designated Locally Significant Industrial Sites which equate to 0.3% of the borough’s overall land area. The Employment Land Study (ELS) shows that there is a significant quantum of industrial land (121,000sqm) outside of designated employment areas. As set out in the Council's response to Question 64, Hackney has recorded significant losses in industrial land over the past 15 years.

5.63. The Plan applies a tiered approach to the protection of industrial land in response to the borough's employment evidence. Policy LP28 C affords the strongest protection for industrial land/floorspace within the Locally Significant Industrial Site (LSIS) designations, ensuring a no net loss of industrial floorspace. This is consistent with the new London Plan Policy E4 and Table 6.2 - Management of industrial floorspace capacity - industrial in the Plan (ED02). Hackney is identified as ‘retain’ category. Paragraph 6.4.7 of the new London Plan states that Boroughs in the ‘Retain’ category should seek to intensify industrial floorspace capacity following the general principle of no net loss across designated Strategic Industrial Land (SIL) and LSIS.

5.64. Given the ELS findings which indicate the need to protect industrial floorspace in the borough, the Plan designates 10 Priority Industrial Areas. The aim of the policy is to ensure that new proposals in Priority Industrial Areas seek to retain the existing industrial floorspace through repoision or intensification, whilst promoting the delivery of additional employment space where viable along with other uses. This will help meet the borough’s overall employment needs by protecting vital industrial land and delivery new employment floorspace whilst allowing mixed-use development (including residential uses) where appropriate through a flexible approach. This is in line with the council’s growth strategy and is supported by the Council’s viability evidence (ED016).

5.65. It is proposed that LP28 B (p101) is amended to read as follows:
B. New development or redevelopment of sites within Priority Industrial Areas will only be permitted if they: where:

i. It maximises the delivery of employment floorspace by maintaining intensifying or re-providing the same amount of industrial floorspace (as either B1c, B2, B8); and

ii. It includes the maximum viable amount of employment floor space; and

iii. in the case of mixed use development schemes, are designed to ensure that there are no environmental impacts or conflicts between uses, applying the agent of change principle.

5.66. The Employment Land Study (ED034) identified 121,000sqm of industrial floorspace outside of designated employment areas. LP28 seeks the protection of this floorspace in response to the council's evidence however allows sufficient flexibility to take account of changes in economic circumstances and accommodate a range of needs, including those not anticipated in the Plan. LP28 E sets out the circumstances where a loss of industrial floorspace would be acceptable. See also the Council's response to Question 62.

**Response to 66 i**

5.67. Part D and E of LP28 regarding the retention of industrial floorspace outside of PIAs is considered consistent with national policy. The Council carried out a robust up-to-date assessment of employment needs in accordance with national policy through the Employment Land Study (ED034). This study considered the long-term viability and health of designated employment land in the borough and reviewed the existing allocations as required by paragraph 22 of the NPPF. The designated Priority Industrial Areas (PIAs) and Locally Significant Industrial Sites (LSIS) are considered fit for purpose and have been designated in the Plan. Given the identified need to protect existing industrial stock in the borough over the Plan period, the plan protects industrial floorspace across the borough but takes a more flexible approach outside of PIAs and LSIS to take account of market signals and the need for alternative employment and employment generating uses.

5.68. It is proposed to delete criteria D in Policy LP28 as this not considered necessary as criteria E effectively set outs the circumstances where a loss of employment land outside of designated PIAs and LSIS is acceptable. It is proposed to amend Policy LP28 D and E (p101) as follows:

**D. New development must protect, and where possible enhance, the existing stock of industrial land and floorspace to meet local needs.**

**E. The loss of industrial land and floorspace outside of Priority Industrial Areas and Locally Significant Industrial Sites will only be permitted where all of the following criteria are met;**
i. Robust marketing evidence is submitted which demonstrates that there has been no demand for the existing or vacant land and floorspace for its current or former use, and the possibility of retaining, reusing or redeveloping it for similar or alternative smaller or more flexible units for employment generating use, or other alternative employment generating use has been fully explored; and

ii. Any new employment use provides a range of higher quality, more flexible floorspace and preferably a higher density employment than the previous use; and

iii. It is demonstrated that the new commercial floorspace being provided has a strong likelihood of being occupied through the submission of a detailed marketing strategy (refer to Appendix 1).

67.LP29 Affordable workspace and low cost employment floorspace
m. Are the specific requirements in the policy (including a minimum 10%, provision in perpetuity and rental caps) justified and based on robust evidence? Have these elements been viability tested and shown to be viable?

n. Is the Council’s suggested change to the glossary definition for low cost employment floorspace justified and necessary for soundness?

Response to 67 m

5.69. It is the Council’s view that the policies are justified and viable. The aim of this policy is to ensure either the provision of a proportion of affordable workspace or low cost workspace within new major / mixed use schemes in the borough’s designated employment areas to support the needs of start-ups, SMEs and cultural and creative enterprises such as artists’ studios and designer-maker spaces, as well as charities and social enterprises. The Council successfully introduced an affordable workspace policy in the adopted Development Management Local Plan (ED04). Since 2013, the planning service has secured 8,603.5 sqm of affordable workspace through S106 agreements (see the Authority Monitoring Report, ED021). However given the increasing commercial rents, particularly in the south and mid Hackney as shown in the Employment Land Study (ED034), the Council is further refining its approach to securing affordable workspace in the Proposed Submission Version Local Plan (SD01).

5.70. The need for affordable workspace in London is increasingly of concern to the Mayor of London and this is reflected in the emerging London Plan where explicit policies have been drafted to secure this provision in the future (policies E2 and E3 of the emerging new London Plan, ED02). These policies are particularly relevant to Hackney, notably in relation to the Central Activities Zone and City Fringe as an area the Mayor of London is also concerned about.

5.71. The need for affordable workspace is demonstrated in the Council’s evidence including the Employment Land Study (ED034), The Affordable Workspace Providers
Note (ED035), Hackney’s Local Plan Viability Assessment (ED016), and the Hackney Economy, Workspace and Social Value Report (ED061) and the requirements are in line with London Plan Policy 4.1 (ED01) and Policy E3 of the draft new London Plan (ED02).

5.72. The Council’s supporting evidence base as set out in Employment Land Study (ED034) and the Hackney Economy, Workspace and Social Value Report (ED061) identifies the need to provide affordable workspace to enable SMEs to locate and grow within the borough. The Hackney Employment Land Study and The Hackney Economy, Workspace and Social Value Report (ED061) studies found that Hackney's local economy is built around SMEs - Of the approximate 18,995 enterprises in Hackney, 91.3% of the local economy are micro sized enterprises (0-9 employees), 7.4% are small (10-49 employees). This highlights that Hackney accommodates a large amount of micro sized companies. Such businesses have relied historically on the availability of affordable workspaces. There is however evidence of rapidly rising rents for office space, low vacancy rates and a shortage of supply as set out below.

5.73. This small business economy has also been growing. Sector projections as set out in the Employment Land Study suggest that professional services, real estate, ICT and arts entertainment and recreation are those sectors expected to grow fastest over the plan period. The study shows that the highest demand for B class floorspace in Hackney, both in terms of the number of deals and total floorspace leased, has been for business units requiring up to 250 sqm. The provision of this smaller-affordable type of unit is important for retaining businesses in an area, otherwise SMEs risk moving away once they get beyond a certain size. This mismatch can be partly explained by the prevalence of workspace providers in Hackney. In reality the majority of this floorspace will be populated by SMEs (via sublease) even though the headline commercial lease deal itself will show up in a higher size band.

5.74. The business survey findings in the Employment Land Study (ED034) along with the findings from the workshop undertaken with workspace providers from Hackney and Islington (see ED035) indicate that high rental levels and the lack of suitable premises (particularly the availability of move on space) are the main factors in driving businesses out of the Borough and pushing existing firms to consider relocation. The business survey findings also indicate that the most important factor in deciding to take up employment floorspace appeared to be rent level. Hackney’s average rental value achieved for offices between 2014 and 2016 was £40.65 per sqft. This represents an 89% increase on the average rental values achieved between 2009 and 2011 evidencing rapidly rising rents for office. Hackney’s Viability Report (ED016) shows even greater increases in value for office within the Clty Fringe which commands £600 / per square meter.
5.75. Alongside this increase in rental levels, the Employment Land Study highlights that amount of available employment floorspace across the Borough is low. This is evidenced with an overall availability rate of 6.3%. Availability of employment space within Hackney’s designated Priority Employment Areas (as designated on the adopted Proposals map) is 5.9% and floorspace outside PEAs has a slightly higher availability rate with 6.9%. Policy LP29 ensures that affordable or low cost workspace is provided to support the needs of start-ups, SMEs and cultural and creative enterprises.

5.76. The choice of quantum and discount is a matter of some judgement however the Council has an existing adopted Affordable Workspace policy to draw insight from. The current policy as set out in the Development Management Local Plan (DM16), requires 10% of new floorspace within major commercial development schemes in the Borough and within new major mixed-use schemes in the Borough’s designated employment areas, to be affordable workspace (minimum 80% of market rate), subject to scheme viability, the terms of which are secured through a S106 Legal Agreement. Since 2013, the planning service has secured 8,603.5 sqm of affordable workspace through S106 agreements (see AMR ED021). Whilst this demonstrates the effectiveness of policy in securing a significant pipeline of affordable workspace within new development, the evidence (both the ELS and discussions with workspace providers and businesses) demonstrates that a higher discount needs to be secured through policy for the space to be genuinely affordable for providers and end users.

5.77. Regarding the quantum required (10%), this has in part been informed through the tendering process for the Council’s Workspace Providers list where the Council asked providers about size requirements for taking on workspace. The indication from workspace providers is that 100sqm (which equates to 10% of the floorspace of a major application) would be the minimum size that artist studio providers would take on to manage.

5.78. The viability testing of this policy including the quantum (minimum 10%) and the level of discount specified is set out in the Viability Assessment (ED016) (paragraphs 6.25 to 6.28) This testing demonstrated that this policy is viable in the City Fringe and mid value areas of the borough (such as Dalston and Mare Street) and can be effectively implemented along with other Local Plan policies. The findings did show that in the north of the borough, there may be instances where the policy requirement is unviable and would need to be tested on a scheme specific basis. Policy LP 29 C criteria ii has been drafted to take account of these findings, and specifies that this requirement is subject to viability.

Response to 67 n

5.79. The Council proposed changes to the Glossary in its initial response to representations received (LBH_EX01b) Summary of Representations to LP33
Regulations 19 Consultation March 2019) which seek clarification on the definition. This change relates to the definition of low cost employment floorspace. This has been amended to read… ‘Existing employment floorspace which may be …’. The change proposed is considered justified for the purposes of clarification so that is is clear that low cost workspace relates to existing employment stock. This change is not considered necessary for soundness.

68. LP30 Railway arches : Does the policy allow sufficient flexibility for alternative uses? Are the requirements of the policy sound?

5.80. It is proposed to amend LP 30 as follows in response to representations received (LBH_EX01b) as set out below. The requirements in this amendment policy are considered to be sound as they are effective, justified and in accordance with national policy.

A. Proposals for the use of railway arches for industrial and office development and ancillary uses will be supported if all of the following criteria are met.

The proposal:
- i. Incorporates active frontage uses where arches are located within town centres, and results in the upgrade and appearance of the premises; and
- ii. Does not obstruct the public highway; and
- iii. Ensures that the primary use is for employment (B use class) purposes.

A. Proposals for the use of railway arches for B1c, B2, B8, and other similar sui generis uses will be permitted. Other ancillary uses will be permitted where the ancillary use would help sustain and complement the primary use of the arches for employment purposes.

B. Other commercial or community uses may be appropriate, such as those falling within B1a, A and D use class in locations outside of Locally Significant Industrial Sites, subject to meeting the following:

i. Where development proposes the loss of employment land/ floorspace, robust marketing evidence (see Appendix 1) must be submitted which demonstrates that there is no demand for the employment use;
ii. they meet the sequential test for such uses outside of the Borough’s retail centres and comply with other policies in this plan.
iii. Incorporates active frontage uses, and results in the upgrade and appearance of the premises; and
iv. Does not obstruct the public highway;

B. C Proposals involving the redevelopment of existing low cost employment floorspace should re-provide such floorspace in perpetuity, in terms of rents and
service charges, for these existing uses, subject to scheme viability, current lease arrangements, and the desire of existing businesses to remain on-site.

5.81. It is proposed to amend the supporting text as follows

8.18 Hackney contains a number of railway arches with adjacent land. Railway arches and adjacent land provide good sites for the location of some of the ‘heavier’ type industries, such as B2 and B8 uses, which they have traditionally been used for. Many of them provide relatively cheap accommodation for a range of activities which play an essential role in the functioning of the local economy. Policy LP30 protects and supports the continued use of railway arches for industrial uses and also facilitates a wider range of economic uses and activities including office workspace and maker spaces. Ancillary uses are also permitted where the primary use remains for employment (B1 use class) purposes.

8.18 Policies LP27 and LP28 set out the mix of uses appropriate in designated employment areas (Primary Office Areas, Priority Industrial Areas and Locally Significant Industrial Sites). Hackney contains a number of railway arches with adjacent land. Railway arches and adjacent land, both inside and outside of those designations, provide good sites for the location of some of the ‘heavier’ type industries, such as B2 and B8 uses, which they have traditionally been used for. Although these uses do not fit the profile of a re-structuring economy, they are important employment-generators and businesses for local people, and assist in serving both Hackney’s and London’s economy. Many of them provide relatively cheap accommodation for a range of activities which play an essential role in the functioning of the local economy. Also, space within railway arches can be flexible and used innovatively to provide other employment-generating uses, such as a range of B1c activities e.g. workshops and light industrial uses. Other commercial and community uses (such as B1a, A and D use class) may also be appropriate outside of designated Locally Significant Industrial Sites, in order to upgrade such premises.

8.19 Policy LP29 protects and supports the continued use of railway arches for industrial uses. Ancillary uses are also permitted where the primary use remains for employment (B1 use class) purposes.

8.20 Railway arches can successfully contribute to the regeneration and visual improvement of town centre and edge-of-centre locations, through accommodating active frontage uses and accommodating new vibrant uses. However given the borough’s employment needs, where an arch contains employment land/floorspace or land/floorspace last used for employment purposes, development would need to first demonstrate that the loss of the employment land/floorspace is acceptable through the submission of robust marketing evidence in accordance with Appendix 1. Any arches falling within designated employment areas would also need to satisfy relevant policies in the plan, namely LP26, LP27 and L28. Proposals for town centre
uses (e.g. Classes A1, A3, D2 uses) must also meet the requirements for sequential approach and impact assessment for such uses proposed outside of designated retail centres, and comply with other policies in this Plan such as policies LP1, LP2, LP26, LP27, L28 where relevant.

69. LP31 Local jobs, skills and training: Part A reads as an objective – what is the Council seeking to achieve from development in this regard? Are the requirements in part B justified and consistent with national policy and does the policy allow sufficient flexibility?

5.82. In order to assist clarity, it is proposed that LP31 Part A is amended as follows:

The Council will secure a successful and inclusive economy in Hackney by harnessing the benefits of economic growth for local residents and businesses, seeking to ensure that there are a. New development should provide a broad range of employment opportunities across a variety of sectors available to local residents, including in both the construction and operation of new development.

5.83. The Council is seeking to address unemployment in the borough by facilitating training opportunities for the local population, increasing the employment offered in the borough and allocating land for employment purposes. This aim is consistent with para 18 of the 2012 NPPF. The policy is considered to provide sufficient flexibility as para 8.19 of the supporting text sets out that the Hackney context and LP31 B criteria makes it clear that this policy will apply in relation to major developments and only 'where appropriate'.

Other Modifications

It is proposed to amend the heading within policy LP28 as follows:
Retention of Industrial Floorspace Outside of PIAs and Locally Significant Industrial Sites

Paragraph 8.2 - minor amendment to the end of the last sentence:
…, after which time an Article 4 Direction will be in place to continue to protect valuable employment land in this area.
…, and an Article 4 was confirmed in April 2019 to continue to protect valuable employment land in this area.