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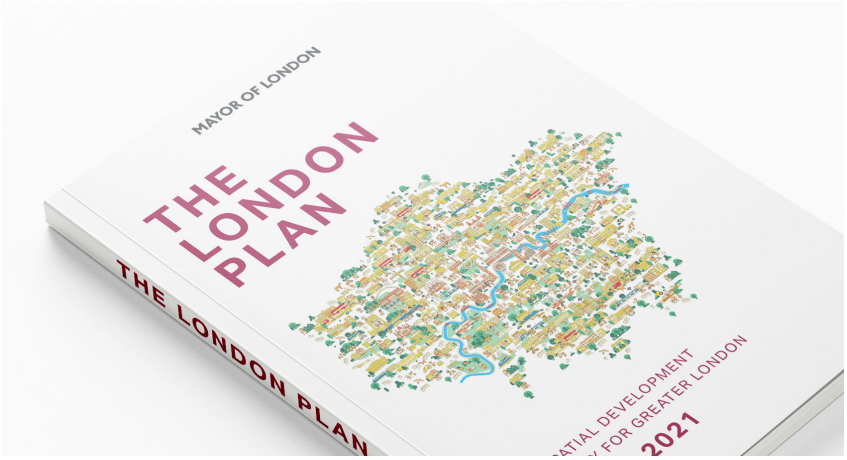
SUSTAINABILITY AND THE LONDON PLAN



Sustainability has rapidly made its way to the top of the agenda for policy makers, investors, occupiers and users of property. It is widely recognised that buildings play a major role in contributing to greenhouse gases. The built environment accounts for about 45% of annual carbon emissions, within urban areas, buildings (business and residential uses) are estimated to contribute 32% of UK carbon emissions [1] and account for 50% of raw material consumption and 60% of the UK's waste [2].

In London, following the publication of the London Plan in March 2021, new and ambitious policies apply to most major development which places a much greater emphasis on:

- carbon reduction across the whole life cycle of the building
- maximising energy efficiency
- carbon offsetting, and the cost implications thereof
- encouraging the retention of building structure, where possible
- a general presumption against demolition of buildings; and
- employing circular economy principles.

[1] Department for Business Energy and Industrial Strategy 2020 (2019 UK Greenhouse Gas Emissions, Final Figures)

[2] UK Green Building Council

The London Plan now requires the whole life carbon implications of demolition and redevelopment to be assessed and considered as part of the planning balance. This is a very significant new issue that planning applications are required to address.

Planning and development strategies will need to change and evolve to take this into account. Carbon will need to be considered early, from the feasibility stage in all developments, but especially where referable to the Mayor of London. The carbon emissions associated with demolition and redevelopment vs retention and refurbishment / repurposing of an existing building will have a very considerable bearing on whether, or not, the principle of redevelopment can be agreed.

The London Plan formalises a change in practice which was already happening locally in parts of the Capital, but for some Boroughs it marks a radical change in policy and practice. There is also a much greater emphasis on monitoring and gathering data which the GLA hope to use to create tools which the industry can use to maximise sustainable development across the Capital.

This Briefing Note reflects on Gerald Eve's recent experience of how these policies have been applied and their potential future implications.

What does this look like in practice?

Although the London Plan does not yet require a certain standard of embodied, or whole life, emissions, as long as emissions are assessed and benchmarks targeted, some local authorities are going further.

The London Borough of Camden require all proposals that involve substantial demolition to demonstrate that it is not possible to retain and improve the existing building. Camden is not alone, and this is a position which we are seeing increasingly being taken by several Central London authorities. The City of Westminster recently commenced consultation on an SPD, to implement policies in its new City Plan, that will require an embodied carbon assessment as well as an assessment of operational carbon.

Gerald Eve has prepared a separate Briefing Note on this which can be accessed here.

We anticipate that interrogating and justifying the carbon and sustainability implications of demolition and redevelopment will rapidly become commonplace.

Earlier this year, Gerald Eve secured resolution to grant planning permission from Camden on behalf of M&G Real Estate and CO-RE for the redevelopment of all buildings at 247 Tottenham Court Road, providing a new commercial-led mixed use development.

At the start of the project, we identified the need to carry out a detailed study into the feasibility of retaining the existing buildings on site given Camden's policy which resists demolition. As part of the pre-application process, working with Stiff + Trevillion Architects and the design team, a detailed whole life cycle carbon assessment was prepared which looked at the impact of redevelopment in terms of embodied and operational carbon compared against multiple different refurbishment scenarios. The analysis showed that in this case, the level of intervention required to the existing buildings was substantial just to bring the building up to compliance with building regulations.

We established that, despite all this intervention, the resultant office product would not be of particularly high quality and would command lower rents than its new build counterpart. This required an analysis of likely market rents for each of the refurbishment scenarios and agency advice to demonstrate the likely level of financial return for each option.

This was important in informing the inputs into the whole life cycle assessment to prove that operational carbon would be higher for a refurbishment scenario over and above that of a new build.

The level of investment commercially achievable must inform the inputs which form part of a whole life cycle carbon assessment. Crucially, this study proved that the level of investment and improvement into a building's mechanical and electrical plant was determined by the value of the space that could be created and its financial performance. A lower value product will lead to less investment in improved plant and, potentially, higher operational emissions.

This case study showed that, in some cases, redevelopment can still be the most sustainable option. The loss of embodied carbon through demolition may be offset by a highly efficient energy system for buildings to minimise their operational carbon impact over at least a sixty-year period, particularly where the existing building, or buildings, are particularly poor and unsuitable for adaptation in their current form.

Equally, we have worked on projects where buildings constructed in the 1980s and 1990s have been brought back to the market as a new building, while retaining up to 90% of the existing super structure and all of the sub structure to minimise the loss of embodied carbon.

What are the key takeaways?

The pace that sustainability has grown and changed in the planning world cannot be understated.

It is vital that when considering lease events and potential development opportunities, early advice is sought on potential for the redevelopment or adaptation of buildings. There is also now a greater emphasis is being placed on monitoring of buildings, rather than focusing on the "as designed" element of a project.

We are seeing rapidly changing guidance and advice and we query whether or not the current approach to carbon reduction or energy efficiency is still fit for purpose.

Gerald Eve has established a market leading approach to embedding sustainability across each of our service lines and our business through Our Shared Future Framework. This includes a commitment to become carbon negative by 2030, meaning we will remove more carbon from the atmosphere than we emit.

We are incredibly well placed to help our clients navigate the fast changing regulatory and market landscape. For more information and guidance on the new policies contained in the London Plan which place a much a greater emphasis on sustainability, please contact one of our team.

Lessons learned

The importance of commissioning the necessary energy assessments, including embodied assessments, at an early stage cannot be understated.

Taking into account the planning and timing constraints around having sufficient information, relatively early in the design process, to start assessing the building's embodied and whole life performance is central to informing the planning strategy and discussions with the GLA and local authorities.

Anticipating s106 obligations and / or conditions regarding energy monitoring, and ensuring these are understood by potential occupiers and agents, is a must. It is no longer a given that the redevelopment of a building is acceptable in principle. When considering development potential, it is vitally important to test whether the building could feasibly be retained in full or in part as a starting point, and what the resultant product would be able to achieve in terms of market value and hence the level of investment in new plant equipment, before considering redevelopment.

Detailed and complex energy modelling is needed to properly estimate any potential carbon offsetting contribution and relies on a variety of inputs and assumptions to be made, as well as a certain level of design to be carried out before energy modelling can be meaningful. There is much discussion about how effective this methodology is in practice; should we be basing policy on notional reductions, or should this be based on actual outputs in operation? In part, the GLA's desire for greater transparency and monitoring of energy performance, and its "Be Seen" rung of the energy hierarchy, is to try to improve information and data on the actual performance of buildings.

Where demolition is justified, factors within the design of the building that have contributed to the carbon performance of the new building are likely to be secured by condition. This could extend to the design of structures and cores, as aspects that will support a longer life-expectancy for buildings.

We anticipate that justifying demolition will increasingly need to be accompanied by commercial analysis to demonstrate why redevelopment over retention provides the most benefit in planning terms, particularly looking at what level of investment can be justified based on the product.