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Dear Claire,

Re: MHCLG Demolition and Retrofit Research Survey – Additional information and feedback

We write further to your presentation to the London Property Alliance's Planning and Sustainability Committee meeting on 7 October 2024. Firstly, thank you for your time and we welcome MHCLG's focus on this important issue. This letter provides you with additional feedback on the MHCLG retrofit survey that we felt could not accurately be conveyed using the online proforma responses provided in the survey. Please also find below additional background information on the London Property Alliance, together with more information on how we feel retrofit should be treated by the English planning system.

About the London Property Alliance

London Property Alliance brings together the Westminster Property Association and the City Property Association. It is a not-for-profit membership body and advocacy group representing the leading owners, investors, professional advisors and developers of real estate, comprising c320 organisations and in excess of 4,500 professionals operating across London's Commercial Activities Zone (CAZ).

Introduction

Efforts to reduce the impact of buildings on the environment are rightly a priority for the public and private sector alike. Everybody agrees that ensuring our buildings are energy efficient and designed to make the best use of limited resources is essential. But how we achieve that is far from clear. One of the key recommendations from our 2022 report, '**Retrofit First, Not Retrofit Only: A focus on the retrofit and redevelopment of 20th century buildings**'¹ was an urgent need for further clarity and guidance in national policy to help support local decision-making. This was echoed in our most recent report, '**Retrofit First, Not Retrofit Only: Future-proofing national policy to support sustainable development**',² published in July of this year.

Our more recent analysis has shown that national policy on this issue has failed to keep up with the fast-changing needs of development, amid an increasingly polarised public debate which has left local councils struggling to grapple with balancing competing demands in the planning process, including the need to deliver homes, jobs, workspaces and community infrastructure and to make best use of brownfield sites. These obligations are enshrined in the National Planning Policy

¹ <https://www.londonpropertyalliance.com/retrofit-first-not-retrofit-only-a-focus-on-the-retrofit-and-redevelopment-of-20th-century-buildings/>

² <https://www.londonpropertyalliance.com/retrofit-first-not-retrofit-only-future-proofing-national-policy-to-support-sustainable-development/>

Framework (NPPF), with local councils required to demonstrate that their plans address three objectives of **sustainable development; economic, social and environmental**. These are also required to include opportunities for growth.

Whilst there is a strong focus on environmental aspects, these also need to be **weighed up alongside the benefits development delivers** including generating **social and economic prosperity**. Likewise, environmental considerations need to factor in more than the carbon used in construction, such as biodiversity and the **emissions generated by a building during its lifetime**.

There are a multitude of judgements required during the planning process, which are increasingly complex, highly technical and rapidly evolving as technology improves. However, as a starting point it is accepted that owing to the ongoing climate crisis, **sustainable and low carbon retention and refurbishment** should – all other things being equal - be **the highest priority for all existing buildings**. But retrofit first should **not mean retrofit only**. It is much more complicated than a binary choice between refurbishment being good, and new development bad.

Findings from our 2022 report show that **adopting a flexible approach**, including blending the two depending on the **suitability of a building** and the sustainable outcomes that can be achieved, is essential. But in some instances, we cannot escape the fact that the redevelopment of some buildings can deliver notable planning benefits over their retention – for example a site's ability to deliver additional homes, new jobs and environmental and placemaking enhancements, and so wider social, economic and environmental benefits that meet key planning policy priorities in certain locations. Sometimes, replacing buildings is necessary to make best use of brownfield sites and ensure that development does meet the needs of modern, knowledge-based, occupiers. In addition, some buildings are simply too low quality to merit saving, and the costs to decarbonise are simply too great to deliver, or fail to realise the benefits which new development would offer over the building's lifetime.

Extending the retention of poorly performing buildings will make it **more challenging to meet national net zero carbon targets**, with buildings stuck in limbo, continuing to emit more carbon than they otherwise would following redevelopment or refurbishment. These buildings, whilst also being 'stranded' from a carbon perspective, are also less desirable to occupiers and are therefore more likely to be wholly or partially vacant, with implications for local vitality and placemaking.

Opportunities can also be missed on optimising a site's development potential. In London for example, significant growth in housing, jobs and community infrastructure are key policy priorities in parts of the city. If the planning system becomes overly burdensome on the issue of retrofit vs redevelopment so that the ability for development sites in sustainable urban locations to optimise their development potential is curtailed, then the planning system will be failing in one of its key aims –to **facilitate growth through the creation of high-quality places** in a sustainable manner.

The delivery of new, energy efficient buildings that consume less energy than the buildings they replace will aid the transition to a decarbonised electricity grid by reducing the overall load on the grid, and the quantity of renewables required to provide clean power to the nation. It is acknowledged that the construction of new buildings requires products and resources, and therefore contributes to national carbon emissions. However, the construction industry is also decarbonising, and the embodied carbon of new buildings is therefore likely to fall in future.

It should also be noted that densification of uses in urban centres with good public transport links is the most carbon-efficient use of resources, and the associated carbon emissions per worker and agglomeration benefits of densification should also be considerations of the suitability of development. Place should form a key factor in the assessment of a building's long-term sustainability, and according to our research **Good Growth in Central London CAZ+** boroughs enjoy the lowest levels of emissions per job across England and Wales. In comparison, the average level in England and Wales is 2.5 tCO₂e per job, around 4 times higher than CAZ+ average.³

Total greenhouse gas emissions in CAZ+ boroughs reduced by 48% between 2005 and 2021, with emissions from commercial activities being cut by more than 75%. The biggest decrease occurred in the City of London (-63%) and Westminster (-54%) (which also have the highest overlap with the CAZ+ area).⁴

With greater policy clarity, including a defined way to appraise proposals across the continuum, the property sector will be better placed to contribute towards decarbonisation goals, whilst continuing to drive economic growth and play a key role in levelling up. There is a clear acknowledgment from the property sector that a lack of guidance on how to navigate an increasing focus on carbon is causing significant delays in the planning system and risks stalling development, including the delivery of more sustainable buildings.

Our 2024 paper reviews the existing and emerging policy, legislative and regulatory framework which shapes the planning system and its ability to effectively consider retrofit and redevelopment. It also examines the legislative system surrounding carbon in the built environment and how this is incorporated into local planning policy. A review of legislation relating to the historic environment also forms a significant part of this report, due to the complex interplay between carbon emissions reduction and heritage conservation.

The report findings and recommendations are also underpinned by development case studies submitted to the LPA combined with wider input from the LPA membership, and industry feedback and knowledge of projects and proposals completed or underway across England.

Key Recommendations

The 2024 paper contains four key recommendations, summarised below.

1. Introduce a **supplementary retrofit optioneering model** for the assessment of retrofit and redevelopment at a national level. This model for assessment will provide the parameters for appraisals throughout the planning process and facilitate a standardised approach. It was suggested this level of guidance be included in national Planning Practice Guidance (PPG).

The model will enable planners and politicians to fully understand the nuances, compromises and trade-offs made when taking forward a development. The framework will:

- Encourage **an improved assessment** of the appropriateness of retrofit or redevelopment against the delivery of all three objectives of sustainable development.

³ Good Growth in Central London, 2024 <https://www.londonpropertyalliance.com/good-growth-in-central-london-2/> p36

⁴ Good Growth in Central London, 2024 <https://www.londonpropertyalliance.com/good-growth-in-central-london-2/> fig 18 p37

- Provide a **consistent approach** to the appraisal of development design options as part of the preplanning process.
- Provide a thorough and **transparent assessment** of the framework for an agreed, fixed number of development design options during the preplanning process.

In order to implement the proposed model at a national level it is recommended that the NPPF includes a positive paragraph that supports exploration of retrofitting buildings first before considering their demolition to support the three objectives of sustainable development. Consideration of the whole-life carbon emissions of a scheme should be factored into the assessment, as well as the social and economic benefits associated with retention and demolition. It is therefore proposed that paragraph 157 of the NPPF be updated to state the following:

“The planning system should support the transition to a low carbon future in a changing climate, taking full account of flood risk and coastal change. It should help to: shape places in ways that contribute to radical reductions in greenhouse gas emissions, minimise vulnerability and improve resilience; encourage the reuse of existing resources, including the **feasible** conversion of existing buildings, **accounting for the three objectives of ‘sustainable development’**; and support renewable and low carbon energy and associated infrastructure.”

2. Existing national Building Regulations should be amended to require and standardise the **reporting of whole-life carbon emissions of buildings** in line with existing RICS guidance and BRE approved whole life carbon tools. This should include a nationally agreed method of calculation of whole-life carbon. A holistic climate policy which specifically relates to whole-life carbon emissions assessment for retrofit and redevelopment options should be included in any forthcoming set of National Development Management Policies.
3. Provide clarity in existing guidance on how to **balance the conservation of the historic environment, and the need to decarbonise listed buildings**, non-designated heritage assets, and buildings within conservation areas. This includes listing justified sustainability upgrades to heritage assets as a public benefit to be balanced against harm arising from a proposed development.
4. Include firm guidance on how planning authorities should **assess and balance the socio-economic and environmental benefits** that a retrofit or redevelopment proposal may provide in the forthcoming National Development Management Policies, which are to be introduced as part of the Levelling Up and Regeneration Act 2023 and will take primacy over local policy.

Survey Feedback

Whilst we recognise that it is incredibly difficult to assess the nuance in individual responses through a survey designed to take no more than 15 minutes to complete, we wanted to provide some general feedback to the survey, which we hope will be useful when interpreting results.

The inclusion of profitability and financial viability in the same response is one which could provide highly misleading results, since the two terms relate to very different things. The decision over whether to redevelop or refurbish a building is obviously heavily influenced by the financial objectives of the building’s owner:

1. Refurbishment, as a general rule, takes less time, has lower costs and carries less risk than redevelopment, and is therefore usually commercially preferable. In many cases, these projects do not require planning consent and therefore the extent to which the industry already prioritises refurbishment may not accurately be captured by this survey.
2. However, some buildings are dated, in poor condition and no longer fit for purpose, and the decision to demolish and rebuild is usually a last resort for owners. The decision on whether the building should be retained or redeveloped will be based on which option is most viable from a financial perspective in bringing an asset back into use.
3. Other factors listed in the survey options (VAT, improved facilities, speed, technical information, capacity, etc) will all feed into this viability analysis. So, whilst the viability will likely drive the process, it may be disingenuous to suggest that other issues will not form part of this analysis, and they will actually heavily influence the overall viability of the project.
4. In addition, and as noted above, the ability for a site to deliver its growth potential and help places meet expected increases in housing and jobs is a fundamental consideration that should be given notable weight in the planning balance when assessing a site's suitability for a retrofit approach.

Also, the extent to which respondents were asked to agree/disagree to certain statements in the survey will not capture the nuance around individual projects. The addition of a 'sometimes' or 'usually' option, alongside an option to provide context/background around answers, would have provided greater perspective. The decision to refurbish, retrofit, or replace a building will be very much influenced by the individual circumstances of that building.

The extent to which heritage issues influence the retrofit/redevelopment decision making process was also not given enough prominence in our view. If we are to both retain, revitalise and decarbonise our historic buildings, national planning policy guidance should support this outcome. Too often, decision making is inconsistent between local authorities, leading to confusion and delays. An increased focus on how our heritage can be protected, enhanced and made fit for the future should therefore be a key recommendation arising from this research.

We would be happy to arrange a follow up meeting to discuss the survey's findings in more detail, adding qualitative narrative to reflect industry responses to certain questions, which we believe would help further inform your decision making.

Once again thank you for your engagement, and we look forward to continuing to work with you and colleagues on this area.

Yours sincerely,



Charles Begley

Chief Executive, London Property Alliance

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