

Hounslow Local Plan (2020-2041)

Examination

Stage 1 Hearings Note

Matter 4: Employment

**Approach to Affordable Workspace and other Employment
issues discussed at the Stage 1 Hearings**

March 2026



**London Borough
of Hounslow**

Contents

| | | |
|------------|---|----|
| 1.0 | Introduction | 3 |
| 2.0 | Affordable Workspace policy | 3 |
| 3.0 | Explanation of further proposed modifications to Policies ED1, ED2 and ED4 | 19 |
| 4.0 | Policy ED4 | 27 |
| 5.0 | Proposed modifications to Economic Development policies and supporting text | 28 |
| 6.0 | Appendix 1. Note On Contributions From Policies From Quintic | 41 |

1. Introduction

1.1. This Note has been prepared by LB Hounslow, with assistance from its employment consultants Rapleys and its affordable workspace consultants Urba, to provide the following outputs:

- Further explanation of the Council's affordable workspace policy, together with a proposed method for calculating off-site in lieu payments towards affordable workspace;
- Explanation of further relevant proposed modifications to Policies ED1, ED2 and ED4 and relevant supporting text, arising from hearing discussions. Proposed modifications to the various policies will be compiled in an update to Document S11.

1.2. It should be read alongside the document *Affordable Workspace Payment In Lieu Methodology and Spatial Need Assessment* prepared by the Council's affordable workspace consultants, Urba (**EX48b**).

2. Affordable Workspace policy

2.1. At the hearings, the Inspectors asked for an explanation of the approach to affordable workspace, set out in *Documents Requested by Inspectors in Hearings Week 2* (**EX41**)¹ including the following:

- The justification for affordable workspace being requested boroughwide, particularly in the context of London Plan Policy E3 Part C
- The evidential basis for the reduction to be applied
- The duration of the reduction requested
- The approach to securing off-site contributions (including the calculator being developed and the identification of and allocation to opportunities/projects to be delivered)
- The approach to and duration of re-provision when existing affordable and open workspace is proposed to be redeveloped, and
- The approach to management arrangements of affordable workspace and how it would be intended to be secured.

¹ [Documents Requested by Inspectors in Hearings Week 2](#)

Justification for affordable workspace being requested borough-wide:

- 2.2. London Plan (**ADP1**)² Policy E3 Part C states that boroughs, in their development plans, should consider detailed affordable workspace policies in light of local evidence of need and viability. Such policies, it says, may include policies on site-specific locations or defining areas of need for certain kinds of affordable workspace.
- 2.3. The policy also states, in Part A, that planning obligations may be used to secure affordable workspace for purposes such as specific sectors with social or cultural value; and for supporting start-up and early-stage businesses or regeneration.
- 2.4. In west London specifically, the WLA Affordable Workspace study (2021) (**EX31**)³ has already found that rationales for intervention can include support for corporate objectives for particular sectors or to deliver regeneration. It found that there is a growing issue of affordability in west London caused by rising rents and a decline in availability of supply. It stated that the demand from SMEs and micro businesses is a key factor driving the need for space across west London (page 18).
- 2.5. In Hounslow Borough, the need for affordable workspace centres around sector growth, creative workspace and supply constraints, and also displacement of local firms as a result of redevelopment.
- 2.6. A Creative Enterprise Zone was designated in the Great West Corridor in 2018, and the borough economy in this part of the borough is anchored by Sky's presence in Osterley, together with the Great West Road that the Council is investing in as a Creative Tech Innovation District. Other firms such as JCDecaux, and various media companies at Chiswick Business Park, result in a major presence for creative industries in the borough. The result is an extensive network of microbusinesses, small and medium sized enterprises and freelance workers requiring affordable and flexible workspace.
- 2.7. A rationale for an affordable workspace policy was originally set out in the Council's Employment Land Review 2016 (**EX26**)⁴. This highlighted that there was a clear justification for an approach to seek affordable workspace for the creatives sector in the Great West Corridor (GWC) part of the borough. This is one of the Opportunity Areas in the borough where significant development, both housing and employment, is envisaged in the London Plan. The 2016 study found that there is a misalignment between the nature of what occupiers want (i.e. affordable yet modern and business-focused and of a particular type,

² [London Plan 2021](#)

³ [WLA Affordable Workspace](#)

⁴ [Employment Land Review 2016](#)

such as industrial refurbishments with exposed interiors) and what the market is willing to provide (i.e. space at fairly high rents such as the Light Box and Barley Mow Centre, both in Chiswick). This, it found, meant that many smaller and new businesses cannot afford the space, which then creates a lack of confidence in the market and limits the amount of new development (see paras 4.47-4.61 of the 2016 study).

- 2.8. An update to the ELR was published in 2024 (**EBED1**)⁵. Appendix 1 of this study sets out a justification for seeking affordable workspace boroughwide. It continues to highlight the case for contributions towards affordable workspace to support the creatives sector in the GWC. It states that there is “a clear creative industry agenda that has a clear spatial dimension (e.g. GWC) in an area that will deliver a significant quantum of floorspace, and that there is scope to provide a meaningful quantum of affordable workspace for this broad sector group”. It states that the scale of redevelopment proposed in the GWC will result in the loss of secondary industrial stock and office space that could also be used flexibly to accommodate the growing creative sector. Given the rent difference between secondary stock and new build this change/regeneration is very like to displace current firms from ‘affordable’ space and prevent new entrants who otherwise may be attracted to the borough.
- 2.9. The scale of new development in the GWC area means that collectively, even a small percentage of floorspace, has the scope to yield a significant amount of affordable workspace for smaller creative firms as part of the growing cluster, particularly if offsite provision is encouraged, allowing affordable workspace to efficiently cluster and deliver critical mass. The Study says “there would be a case to develop an affordable workspace policy to help nurture the creative sector”.
- 2.10. Recent experience from the Council’s regeneration and economic growth team has indicated clear evidence of demand for affordable workspaces, through:
- a lack of publicly advertised vacancies at existing workspaces such as Johnsons Island Artists,
 - strong interest in meanwhile and flexible space models, and
 - some spaces which the Council provides, including the Artists’ Studios at Chiswick House and Gardens, are at full occupancy.
- 2.11. The Council’s recent Golden Mile Investment Framework⁶, approved at the Council’s Cabinet in January 2026, further underscores the focus on affordable workspace in the

⁵ [Employment Land Review Update 2024](#)

⁶ [Golden Mile Investment Framework, 2026](#)

area. It logs (p11) that one of the risks for the area is that the erosion of commercial floorspace including affordable space will weaken the sectoral ecosystem. The document adds (p16) that the mismatch between the business needs and the suitability of available premises is an issue.

- 2.12. Meanwhile, the Council's regeneration officers report that demand significantly exceeds supply of such spaces in the GWC. They report that this indicates price sensitivity and a strong need for long-term affordability and security, rather than short-term pop-ups alone.
- 2.13. Outside the GWC, Appendix 1 of the ELR Update (**EBED1**) says development opportunities may be more limited, but, as with the GWC, redevelopment "is likely to further stress the secondary market, and there is concern that older industrial space is being redeveloped for data centres or larger logistics uses". These typologies of use would not be suitable for firms that may be displaced by redevelopment.
- 2.14. The push to larger logistics units, which has already been taking place at some existing sites in the west of the borough, can come at the expense of smaller more fragmented units which are often likely to be lower cost for local business sectors. This trend is taking place in a part of the borough which has some of the highest levels of deprivation. For example, the west of the borough contains six of the Council's identified Equality Opportunity Areas (EOAs), which are neighbourhoods identified as experiencing multiple deprivation.
- 2.15. As a result of this, the Council has regeneration priorities in the west of the borough, and the provision of employment space tailored towards local businesses and growth sectors in this part of the borough is a key part of this. The aims of the affordable workspace policy also closely align with the priorities identified in the Council's Thriving Communities Strategy 2024-28⁷ and the Equality, Diversity and Inclusion Strategy: A Fairer, More Equal Hounslow⁸, including in relation to the voluntary, community, and social enterprise (VCSE) sector.
- 2.16. In December 2025, the Council approved the Future Feltham Investment Framework (FFIF)⁹, which sets out the vision and delivery approach the area. The FFIF seeks to unlock inclusive growth for local communities and is supported by a masterplan and Vision Document. Alongside this, the Council also published the Feltham Crossroads Economic Study¹⁰ which followed a community engagement exercise in 2025.

⁷ [Thriving Communities Strategy](#)

⁸ [Equality, Diversity and Inclusion Strategy: A Fairer, More Equal Hounslow](#)

⁹ [Future Feltham Investment Framework](#)

¹⁰ [Feltham Crossroads Economic Study](#)

- 2.17. The focus in these documents is on three growth sectors – food production, film and TV post-production, and logistics, positioning Feltham to benefit from Heathrow’s supply chains while supporting local small and medium enterprises (SMEs). Paragraph 4.2.8 of the December Cabinet report ¹¹highlights the shortage of affordable creative space in the area and the need for places to produce and share culture. The centrepiece of the masterplan for Feltham is the redevelopment of the MOD site in Elmwood Avenue, which has been identified for 4,300 sqm of workspace, including a food hub and creative tech incubator.
- 2.18. The opportunity to seek affordable workspace contributions in the west of the borough is greatest on the various sites proposed in the Local Plan for Green Belt release. The Plan envisages significant levels of floorspace being developed on these sites and would be likely to be the most viable sites and therefore most capable of delivering an affordable workspace component.
- 2.19. In summary, the ELR says that an affordable workspace policy is justified in the borough. “Over the plan period we expect to see continued pressure to redevelop the remaining secondary industrial stock – most obviously in the GWC – but almost every secondary industrial estate is being targeted for redevelopment – encouraged by proactive London Plan policies that seek continued (intended) investment in the portfolio. This will continue to stress firms that can viably operate from secondary stock, paying secondary rents as those sites are regenerated with more expensive to deliver (and operate) intensified property.”
- 2.20. The study says the ability to offer off-site provision where the need for space has been triggered could be a useful tool to direct provision to areas where the sector can cluster and develop a critical mass.
- 2.21. For details on the approach and justification, see the accompanying note prepared by the Council’s consultants Urba, *Affordable Workspace Payment In Lieu Methodology and Spatial Need Assessment (EX48b)*. This confirms the viability of the approach and the need for the policy to be applied boroughwide.

Evidential basis for the reduction to be applied

- 2.22. Policy ED1 proposes that the rental reduction for affordable workspace should be 45% on at least 10% of the overall floorspace of schemes. This is justified on the basis that even a

¹¹ [Hounslow Council Cabinet Report, Future Feltham Investment Framework, December 2025](#)

relatively small percentage of the overall floorspace is likely to constitute a meaningful amount of floorspace, as the ELR appendix has highlighted (see para 2.7 above).

2.23. The ELR appendix has also tested the viability of a range of rental reduction approaches. It has found that a 45 per cent reduction on ten per cent of the floorspace would be viable (see Viability Testing section of EBED1 Appendix 1 (pages 4-7 of the appendix).

2.24. The approach to affordable workspace has also been tested through the Whole Plan Viability Assessment (**EBV1**)¹². This has found that the proposed approach is viable when assessed cumulatively with other policies and requirements in the plan (pages 4 and 35-40). Further updates and clarification on the viability of the approach, including related to the off-site in lieu payments sought, are contained in the accompanying document *Affordable Workspace Payment In Lieu Methodology and Spatial Need Assessment (EX48b)* produced by the Council's consultants Urba. This report also discusses some of the concerns raised over viability and how the Whole-Plan Viability Assessment should be interpreted in this context. The Council's viability consultant has confirmed that, overall, the results in the Whole Plan Viability Assessment within the tables on pages 36 to 39 indicate that:

- **developments that are viable before the affordable workspace policy is applied will remain viable after the policy has been applied.**
- Furthermore, the second table on page 39 shows that **the impact of a requirement for 10% of space to be let at a discount to market rent of at least 45% has a limited impact on residual land values, typically less than 10%.**

2.25. It should be noted that the Council is already agreeing contributions to affordable workspace from applicants. While recognising that emerging Policy ED1 currently has limited weight, these contributions have been negotiated by development management officers to reflect the impacts of development as described in paragraphs 2.2-2.21 above. The contributions agreed also reflect the focus of London Plan Policy E3 (Part A2) on supporting specific sectors that have cultural value such as creative and artists workspace. Recent examples of applications from such which contributions have been agreed include:

- Part of the former Alfa Laval site in Brentford (planning application reference: P/2023/1974), where direct provision of 446 sqm of affordable workspace floorspace was secured through a self-storage scheme.

¹² [Whole Plan Viability Assessment](#)

- The Central Park Trading Estate development (planning application reference P/2024/4226). This is a development on a site in the Green Belt, where a proposal for 17,428sqm of industrial development was granted permission at Planning Committee in March 2026. This includes a £500,000 contribution towards affordable workspace which was agreed with the applicant. This contribution will be secured through the section 106 agreement.
- The former GSK site, which was approved for redevelopment in March (planning application reference P/2025/2394), also includes a contribution to affordable workspace. The scheme commits to delivering ten per cent affordable workspace. This equates to a minimum requirement of 2,651 sqm of affordable workspace. This will be secured principally through an Innovation Hub on the site, supplemented by up to 2,000 sqm of future affordable workspace. Delivery of the full affordable workspace requirement and support for a new innovation operator will be secured through the section 106 agreement for the site.

2.26. The cases above, together with the evidence overall, justify the approach of seeking affordable workspace contributions from employment developments boroughwide. Bringing the policy into place will provide the Council with a robust and consistent framework for seeking affordable workspace contributions and will provide clarity and certainty for applicants on what they will be expected to contribute.

The duration of the reduction requested

2.27. The policy requires the affordable workspace provision – incorporating the stated rental discounts – to be provided on-site in perpetuity as a preference, ensuring that the unit will be provided permanently for the purposes intended. This reflects the evidence base, as the demand for affordable workspace is of such an extent that it is not likely to dissipate, and is consistent with the approach other boroughs have taken to requiring affordable workspace.

2.28. The policy states that, if on-site provision is not feasible, then off-site provision within the borough (also in perpetuity) is a secondary option, to be secured either through direct provision or through payments in lieu.

The approach to securing off-site contributions (including the calculator being developed and the identification of and allocation to opportunities/projects to be delivered)

Calculator for in lieu payments

- 2.29. The accompanying document *Affordable Workspace Payment In Lieu Methodology and Spatial Need Assessment (EX48b)* outlines a proposed approach to seeking off-site contributions, including the calculator to determine the amount sought. This is based on a review of other calculators which are being applied by other London Boroughs, and an assessment of the most suitable and appropriate approach to introduce in Hounslow Borough.
- 2.30. The recommended calculator has been subject to viability testing and is based on the viability neutrality principle. It accordingly incorporates a 40% discount to reflect the cost difference in delivery and therefore to achieve viability neutrality between onsite and offsite delivery.
- 2.31. In recommending 40% as a discount, Urba states that it has been through an iterative process to identify the “best fit” percentage to apply in order to achieve the viability neutrality principle, while also being mindful that the Council does not wish payments in lieu to create a financial incentive for developers to avoid on-site provision. Urba advises that the recommended approach seeks to strike an appropriate balance between the aspirations of developers and landowners—in terms of returns against risk—and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission, as required by the PPG on viability [Paragraph: 011 Reference ID: 10-011-20180724, Revision date: 24 07 2018]¹³.
- 2.32. The Council accepts these recommendations and proposes to add the calculator, incorporating the 40% discount, into the Plan as a reference supporting the application of Policy ED1, and to place it on the website in a way which will be able to be used by applicants to calculate the off-site contribution which the Council will seek.
- 2.33. The calculator to be applied is set out in Figure 1 below.

Figure 1: Affordable Workspace Payment In Lieu Calculator

¹³ [Planning practice guidance, Viability](#)

Affordable workspace Payment in Lieu Calculator

1. Inputs to calculation - fill in yellow cells, blue cell calculates automatically

| | Definition | Information required for worked example |
|---|--|---|
| A | Total lettable employment floorspace in development (sqm) | |
| B | Percentage of floorspace floorspace to be Affordable Workspace | 10.00% |
| C | Amount of floorspace to be Affordable Workspace | $C = A \times B$ |
| D | Market rent (£ per sqm) - determined by market comparables | |
| E | Discount to market rent for Affordable Workspace (%) | 45.00% |
| F | Discounted Affordable Workspace rent (£psm) | $F = D \times (1-E)$ |
| G | Rent for Affordable Workspace at discounted rent | $G = F \times C$ |
| H | Market Investment yield, sourced from market comparables | |
| I | Affordable Workspace term (years) default 15 years | 15 |
| J | Income multiplier for market investment yield for Affordable Workspace term | $J = (1 - (1+H)^{-I})/H$ |
| K | Capital value of Affordable Workspace at Affordable Workspace term | $K = J \times G$ |
| L | Affordable adjustment | 40% |
| M | Affordable Workspace Payment | $M = K \times (1 - L)$ |
| N | Affordable Workspace Payment £ per sqm | $N = M / C$ |

2. Workings from inputs above - green cell shows AW PIL calculation

| | | |
|---------|---|---------|
| Step 1: | Calculate C - the amount of floorspace to be Affordable Workspace | - |
| Step 2: | Calculate F - discounted Affordable Workspace rent | £0 |
| Step 3: | Calculate G - rent for Affordable Workspace at discounted rent | £0 |
| Step 4: | Calculate J - income multiplier for market investment yield for Affordable Workspace term | #DIV/0! |
| Step 5: | Calculate K - capital value of Affordable Workspace at Affordable Workspace term | #DIV/0! |
| Step 6: | Calculate M - the Affordable Workspace Payment | #DIV/0! |
| Step 7: | Calculate N the Affordable Workspace Payment in £ per sqm | #DIV/0! |

Identification of and allocation to opportunities/projects to be delivered

- 2.34. The accompanying document *Affordable Workspace Payment In Lieu Methodology and Spatial Need Assessment* outlines some key principles to be applied when considering the identification of and allocation to opportunities and projects to be delivered. These include that the policy will require a clear and transparent approach for managing payments in lieu.
- 2.35. To support effective delivery, it recommends that any contributions secured should be ring-fenced for the creation, fit-out or subsidy of affordable workspace in locations where need has been identified, such as Great West Corridor Opportunity Area and Feltham (through the FFIF). It states that contributions could enable targeted delivery routes, including Council-led schemes, operator partnerships, refurbishment and meanwhile uses.
- 2.36. The Council has built up a programme of support for key economic sectors and networks as part of the Creative Enterprise Zone initiative in the GWC. The Great West Road features prominently in this initiative, and this includes a focus on the need for affordable workspace geared towards the creatives sector, such as artists' studios and makerspaces.

- 2.37. An Innovation Hub, which will contain affordable workspace, is set to be introduced into the area as part of the planning permission recently granted for the redevelopment of the former GlaxoSmithKline site (P/2025/2394). The Council expects to further embed these approaches in this area and across the borough, as part of the roll-out of the affordable workspace policy.
- 2.38. Demands and requirements for affordable workspace will clearly be dynamic and dependent on the area and site in question, as well as the timing of the development coming forward. Any strategies are likely to be bespoke for the site and reflect whether it is being provided on-site or off-site as part of in lieu payments.
- 2.39. Therefore, to identify and allocate opportunities for affordable workspace projects to be delivered, the Council would expect developers to engage with the Council's regeneration and economic growth team over provision of affordable workspace during the pre-application stage. This is to ensure that the nature of the affordable workspace delivered is appropriate for the area and site in question and that appropriate workspace providers can be involved early at the design stage.
- 2.40. Developers should then liaise with managed workspace providers at the design stage of the development to ensure provision of units which are tenant-ready and which are suitable for subdivision and provide fully customisable spaces for end user requirements and interior specifications whilst ensuring minimum Category A fit out.
- 2.41. Regarding the provision of affordable workspace, it is envisaged that sites allocated in the plan for employment development will be appropriate locations for on-site provision. These sites will also likely be an appropriate location for the delivery of off-site provision arising from other sites which have generated in lieu payments. In particular, these include sites in the Great West Corridor and, in the west of the borough, the various site allocations in and around Feltham town centre, including at the former MOD site.
- 2.42. Where in lieu payments are collected, these will be ring-fenced to be used towards establishing clusters of affordable workspace in suitable locations, such as via site allocations and other Council regeneration initiatives (e.g. the Hub in Feltham). It is considered this will help build up a critical mass of such space.

The approach to and duration of reprovision when existing affordable and open workspace is proposed to be redeveloped

- 2.43. The Council would take the following approach:

- For existing low-cost secondary space, the plan encourages reprovision of such space under the employment policies;
- For new space being secured as affordable workspace through a section 106 agreement, we would expect this to be reprovided unless compelling evidence can be provided that this is not feasible. The policy seeks this provision to be either in perpetuity or for a minimum of 30 years. This has been benchmarked against other boroughs' approaches and reflects that this is existing affordable workspace which has been secured and which the Council's objective would be to see it protected;
- The Council has only recently started to seek affordable workspace contributions from developers, so there is no existing such stock requiring protection. However, as the above examples demonstrate, this is likely to change in the coming months as newly secured affordable workspace starts to be delivered.

2.44. As referred to in the Council's response to the MIQs, a modification is required to correct the word 'quality' in Policy ED1 Part I to 'quantity'.

The approach to management arrangements of affordable workspace and how it would be intended to be secured

2.45. Management arrangements for affordable workspace would be subject to individual site circumstances and developers should liaise with the Council's regeneration and economic growth team at the pre-application stage in order to agree suitable arrangements in each case, tailored to the particular circumstances. Suitable affordable workspace providers should be agreed prior to the grant of planning permission.

2.46. As a general approach, the Council would seek to secure affordable workspace provision and/or off-site in lieu payments through section 106 legal agreements. The normal approach would be to require developers, through such agreements, to provide an affordable workspace strategy to detail the key principles for the affordable workspace, including marketing, quality and type of units to be provided. The Council would input into, and agree, these strategies.

2.47. The Council proposes additions to Policy ED1 and supporting text to reflect the above principles, as set out below.

The modification proposed is as follows:

- Make the following changes to Policy ED1 Part I:

“Affordable workspace should be provided on-site in perpetuity as a first preference. Off-site provision (within the borough) in perpetuity will be acceptable where it is demonstrated to the satisfaction of the Council that on-site provision is not feasible or off-site provision will achieve greater economic benefits. **The Council will seek to secure affordable workspace provision and/or off-site in lieu payments, through section 106 legal agreements.** Off-site provision will be secured through ~~planning obligations with~~ payments in lieu agreed on the basis of the **calculator set out in Figure ED1. level of provision (10 per cent of the floorspace) multiplied by the value of a 45 per cent reduction in rent for 15 years.** **To identify and allocate opportunities for affordable workspace projects to be delivered, the Council will expect developers to engage with the Council’s regeneration and economic growth team over provision of affordable workspace during the pre-application stage. Developers should then liaise with managed workspace providers at the design stage of the development. This process should ensure provision of units which are tenant-ready and which are suitable for subdivision and provide fully customisable spaces for end user requirements and interior specifications whilst ensuring minimum Category A fit out. Suitable affordable workspace providers should be agreed prior to the grant of planning permission.** ~~Applicants should demonstrate that any affordable workspace provided would be managed by an appropriate workspace or studio provider and/or supported by an appropriate management scheme. Affordable workspace should be purposely designed to meet the needs of businesses operating within, or linked to, the creative industries (such as third sector organisations), or should be similar in standard and format to the commercial offer.~~ Industrial workspaces are the preferred format of affordable workspace to cater for the creatives industries. Affordable workspace should also be prioritised for existing small and independent businesses occupying the site that are at risk of displacement. ~~Developers should collaborate with the council, local businesses, business associations, relevant public sector stakeholders and workspace providers to identify the businesses that will be nominated for occupying affordable workspace.~~ The redevelopment of existing affordable and open workspace must reprovide the maximum viable **quality quantity** of such economic floorspace, in perpetuity or for a minimum of 30 years, at equivalent rents (taking into account service charges).”

Make the following changes to the supporting text:

Make the following changes to paragraph 4.12:

- This policy also sets out some key requirements for proposals which come forward for employment development across the borough, including on the delivery of affordable workspace. **Policy E3 of the London Plan 2021 states that planning obligations may**

~~be used to secure affordable workspace at rents maintained below the market rate, and that boroughs should consider detailed affordable workspace policies in light of local evidence of need and viability. In order to provide such evidence for Hounslow, the Council has commissioned evidence to support an approach to seeking affordable workspace as part of its Employment Land Review update. This has recommended that affordable workspace provision would be justified and would be viable based on the provision of at least 10 per cent of floorspace to be provided with a 45 per cent discount on the rental levels. The Council will therefore seek this quantum of provision for proposals in the borough which seek a net increase of employment floorspace.~~ One of the key growth sectors in the borough is the creatives and media sector, and as set out in the Spatial Strategy chapter, the Great West Corridor was designated as a Creative Enterprise Zone by the mayor of London in 2018. The purpose of this status is to promote new creative clusters and workspaces, provide employment and training for local people and strengthen the already thriving creative economy in Hounslow. ~~Previous employment studies have already highlighted issues with the ability of the market to deliver premises for businesses in this sector which are sufficiently affordable in terms of their rental levels. Given that the latest study is continuing to point to a significant demand for additional floorspace for these sectors, and given the strategic priority given by both the mayor and the Council to supporting its further growth, the Council considers that seeking planning obligations to provide affordable workspace, with a particular priority given to supporting this sector, is justified. The council's strategy for supporting the delivery of affordable workspace will be to prioritise the provision of industrial workspaces directed towards enterprises and organisations operating in the creative industries.~~ ***The Council's employment studies have provided evidence of a significant demand for additional floorspace for these sectors, and that there is a shortage of affordable flexible workspaces to meet the growth needs of this sector. Outside the GWC, the employment studies also highlight that there is pressure on the secondary market due to the redevelopment of older industrial spaces for data centres or logistics uses, typologies which are not suitable for firms that may be displaced by redevelopment. The push to larger logistics units – which has already been taking place at some existing sites in the west of the borough - can come at the expense of smaller more fragmented units which are often likely to be lower cost for local business sectors. The Council therefore considers that seeking***

affordable workspace from employment schemes borough-wide meeting specified thresholds is justified. In some cases, where justified on a case-by-case basis and agreed with the Council, in lieu payments could be provided as a replacement for direct provision, and these contributions could be pooled to provide off site clusters of small affordable workspaces in appropriate locations. The Council will produce a Supplementary Planning Document to outline in more detail this approach, and how contributions will be used.

Add the following paragraphs after paragraph 4.12:

- *The Council will seek to secure affordable workspace provision and/or off-site in lieu payments through section 106 legal agreements. The normal approach will be to require developers, through such agreements, to provide an affordable workspace strategy to detail the key principles for the affordable workspace, including marketing, quality and type of units to be provided. The Council would input into, and agree, these strategies.*
- *To identify and allocate opportunities for affordable workspace projects to be delivered, the Council would expect developers to engage with the Council's regeneration and economic growth team over provision of affordable workspace during the pre-application stage. This is to ensure that the nature of the affordable workspace delivered is appropriate for the area and site in question and that appropriate workspace providers can be involved early at the design stage.*
- *Developers should then liaise with managed workspace providers at the design stage of the development to ensure provision of units which are tenant-ready and which are suitable for subdivision and provide fully customisable spaces for end user requirements and interior specifications whilst ensuring minimum Category A fit out.*
- *In some cases, where justified on a case-by-case basis and agreed with the Council, in lieu payments could be provided as a replacement for direct provision, and these contributions could be pooled to provide off site clusters of small affordable workspaces in appropriate locations. Such payments will be agreed based on the calculator set out in Figure ED1X. This calculator has been produced on the basis of reflecting the proportion of affordable workspace sought in the policy, while seeking to ensure viability neutrality between onsite and offsite delivery.*

- Regarding the provision of affordable workspace, it is envisaged that sites allocated in the plan for employment development will be appropriate locations for on-site provision. These sites will also likely be an appropriate location for the delivery of off-site provision arising from other sites which have generated in lieu payments. In particular, these include sites in the Great West Corridor and, in the west of the borough, the various site allocations in and around Feltham town centre, including at the former MOD site.
- Where in lieu payments are collected, these will be used towards establishing clusters of affordable workspace in suitable locations, such as via site allocations and other Council regeneration initiatives
- Management arrangements for affordable workspace would be subject to individual site circumstances and developers should liaise with the Council's regeneration and economic growth team at the pre-application stage in order to agree suitable arrangements in each case, tailored to the particular circumstances. Suitable affordable workspace providers should be agreed prior to the grant of planning permission.

Figure ED1: Affordable Workspace Payment In Lieu Calculator

| | Definition | Information required for worked example |
|----------|--|---|
| A | Total lettable employment floorspace in development (sqm) | |
| B | Percentage of floorspace floorspace to be Affordable Workspace | 10.00% |
| C | Amount of floorspace to be Affordable Workspace | C = A x B |
| D | Market rent (£ per sqm) - determined by market comparables | |
| E | Discount to market rent for Affordable Workspace (%) | 45.00% |
| F | Discounted Affordable Workspace rent (£psm) | F = D x (1-E) |
| G | Rent for Affordable Workspace at discounted rent | G = F x C |
| H | Market Investment yield, sourced from market comparables | |
| I | Affordable Workspace term (years) default 15 years | 15 |
| J | Income multiplier for market investment yield for Affordable Workspace term | J = (1 - (1+H)^{- I})/H |
| K | Capital value of Affordable Workspace at Affordable Workspace term | K = J x G |
| L | Affordable adjustment | 40% |
| M | Affordable Workspace Payment | M = K x (1 - L) |
| N | Affordable Workspace Payment £ per sq m | N = M / C |

| | | |
|----------------|---|---|
| Step 1: | Calculate C - the amount of floorspace to be Affordable Workspace | - |
|----------------|---|---|

| | | |
|-----------------|---|---------|
| Step 2: | Calculate F - discounted Affordable Workspace rent | £0 |
| Step 3: | Calculate G - rent for Affordable Workspace at discounted rent | £0 |
| Step 4: | Calculate J - income multiplier for market investment yield for Affordable Workspace term | #DIV/0! |
| Step 5 : | Calculate K - capital value of Affordable Workspace at Affordable Workspace term | #DIV/0! |
| Step 6: | Calculate M - the Affordable Workspace Payment | #DIV/0! |
| Step 7: | Calculate N the Affordable Workspace Payment in £ per sqm | #DIV/0! |

Withdrawal of proposed modification

2.48. In the proposed modifications document, the Council proposed a modification (HLP_C4_01) to state that affordable workspace would be sought from grey belt proposals. On reflection, the Council considers that this is not necessary. It therefore proposes to withdraw this proposed modification.

- Proposed change:
- Delete Proposed Modification HLP_C4_01.
 - ~~'Any proposal for development on land assessed to be grey belt under the terms of the 2024 National Planning Policy Framework'~~

3. Further proposed modifications to Policies ED1, ED2 and ED4

3.1. This second part of this Note comprises discussion of some of the main employment related points raised at the hearings session on Matter 2 with a suggested approach for modifications to deal with these points.

Marketing requirements in policy

3.2. At the Stage 1 hearings, there was discussion over the scale of office allocations in the context of an increased vacancy rate resulting from recent challenges facing the office market – a situation which has already been outlined in the Council's Employment Land Review Update 2024 (**EBED1**). In the submitted Plan, the Council has recognised this and

proposed an approach whereby a degree of flexibility would be applied to the assessment of proposals on allocated sites in the short-term (paras 4.9-11).

- 3.3. This approach is currently outlined in supporting text. At the hearings, the Inspectors sought consideration over whether this approach should be incorporated into policy. The Council agrees that it should. Having reflected on the most effective way of bringing this into policy, the proposed approach is to embed it into the general employment policy for managing employment uses (Policy ED2). In this way, it can be applied both to proposals on allocated sites, and to proposals which propose a loss of existing employment floorspace.
- 3.4. As drafted this approach to applying flexibility was intended to be applied to the Great West Corridor, because that was where the Plan promoted office growth and previous plan making representations had focused. However, by incorporating modifications to Policy ED2, the approach would be able to be applied across the borough, to ensure a consistent approach. The proposed approach is to amend Policy ED2, part H, which currently requires the marketing of space proposed to be lost.
- 3.5. The Council has reflected on how the policy can be applied and proposes to use a benchmark of 10 per cent office stock vacancy as the trigger for the flexible approach to take effect. While there is no hard and fast rule over the correct vacancy rate, a range of between 5-10 per cent is commonly used, albeit this can only be a rough guide. The scale and nature of the units in question is relevant, as is the supply of development or redevelopment land because developers sometimes hold only land pending market interest before building.
- 3.6. Assuming a middle point of 7.5% (37,500 sqm from a stock of 500,000 sqm) and a current vacancy rate of 18% (c92,000 sqm) there is, in total, around 54,000 sqm of surplus stock. The issue for the Council is that collectively a small number of office losses could, if implemented, quickly erode the occupied (or fit to occupy) office portfolio. Therefore, the use of a 10 per cent benchmark figure is considered a reasonable and proportionate threshold for the application of the flexible approach.
- 3.7. At the hearing, there was a discussion over the application of the Council's marketing criteria in circumstances where the property is no longer in a market facing position – i.e. buildings have been stripped and cannot readily be marketed for new tenants. As currently drafted, the policy requires marketing of the land as it seeks to protect the ongoing function of the land while recognising that floorspace sometimes requires renewal, which may require refurbishment or redevelopment. The Council considers that, simply because a

building has reached a point whereby investment and renewal is now required, it should not automatically mean that the site should not be offered as a redevelopment and renewal opportunity. The Council therefore proposes no change to this element of the policy, other than to clarify that the marketing requirement applies to the land.

- 3.8. On the issue of moving from one employment use to another, this will depend on the designation. On SILs and LSISs industrial uses are encouraged and proposals will be expected to provide a robust justification for any proposed net loss of industrial floorspace. On KEOLs or non-designated office sites, loss of offices will trigger the marketing requirements in Part H of Policy ED2, and this will include scenarios where industrial development or other employment development is proposed instead of offices. A small modification is proposed to clarify that the marketing required in these instances would therefore be related to office use specifically. Where applicants show sufficient marketing evidence to meet this requirement, the sequential mechanism in part H (II) of the policy would be triggered, so other employment uses such as industrial would then be considered as a preferred option in preference to the introduction of non-employment uses.
- 3.9. With the flexible approach the Council is proposing to introduce for marketing requirements as outlined above, together with the preferred sequence of uses as outlined in Part H (II) of the policy, it is considered that no further changes are necessary on this point.
- 3.10. Reflecting all of the above, the Council proposes that Policy ED2 Part H should be modified to:

ED2, H (I):

- *Submit the following information where a loss of E(g)(i, ii, iii), B2 or B8 or similar employment uses is proposed outside of SILs and LSISs **or, on sites allocated for employment use, where the quantum of development proposed for the above use classes is lower than any minimum development quantum for specified use classes outlined in the relevant allocation:***
 - *Evidence of active marketing of the site for employment uses **(for existing sites, this would apply to existing floorspace and/or the land in question)** for a period of at least two years in Key Existing Office Locations **(specifically for office use)** or for a period of at least one year in other locations **(for the specific existing use)**;*
 - **Reflecting short term market signals for office space, where evidence is provided that more than 10% of the borough's office stock is vacant, and**

this will not be addressed given land with planning permission (or prior approval), the Council may consider not applying the above marketing requirement for non-designated sites and only requiring one year of marketing (for office use) for sites in Key Existing Office Locations.

- *Applicants should seek to agree this with the Council prior to an application being made.*
- *In all proposals, the Council will continue to expect to see a significant quantum of employment space delivered, and applicants will therefore be expected to demonstrate how they are optimising the delivery of employment floorspace as part of their proposal.*

Make the following changes to the supporting text:

- Delete paragraphs 4.10-4.11 of the supporting text to Policy ED1 (keep paragraph 4.9)
 - ~~*4.10 Taking account of this context, for sites in the GWG which allocate office floorspace to come forward in the first phase of the plan period, the Council will take a flexible approach towards proposals where justified. Specifically, marketing evidence will be considered on a case-by-case basis for departing from the minimum development quantum for this use, to enable suitable proposals to progress. The Council will, however, expect proposals to continue to propose significant employment floorspace. 4.11*~~
 - ~~*4.11 For sites allocated for this use beyond the first phase of the plan period, no change to the allocations are proposed. The Council's evidence has indicated that it is not certain that the immediate challenges for the office market will 86 Hounslow Local Plan 2020-2041 become a long-term trend, and that the office market may return to levels seen prior to the Covid-19 pandemic, or closer to this, over time. As such, and given the wider challenges and objectives of the plan set out above, flexibility on the minimum development quantum for business use will not be built into these particular allocations in the plan. Notwithstanding this, there will be an opportunity to reassess these sites when the Council's employment land evidence base is next updated, at a point when longer-term economic trends on employment land are better understood. If the medium-long term phased sites come forward sooner than expected, the above approach in relation to shorter-term sites will be taken.*~~
- Add the following supporting text to Policy ED2 (insert after paragraph 4.15):

- As highlighted in the supporting text to Policy ED1, the Hounslow office market is currently rebalancing following the Covid-10 pandemic, but the evidence base continues to indicate a significant demand for employment floorspace in various typologies. Recognising these factors, the Council monitors office vacancy rates and will consider releasing space, existing or proposed, where applicants can demonstrate that there is more than 10% stock vacant - including stock proposed (subject to planning permission, application or allocation) to be released.
- Where evidence is provided that more than 10% of the borough's stock is vacant, and this will not be addressed given land with planning permission (or permitted development rights) to be lost, the Council may consider not applying the above marketing requirement for non-designated sites and only requiring one year of marketing for protected Key Existing Office Locations.

3.11. The Council also proposes to make a consequential modification to Policy ED1 Part G to cross-reference this policy with the marketing requirement outlined above, as well as to cross-reference the policy with the design-led approach outlined in Policy D3 of the 2021 London Plan, as suggested by the inspectors. The proposed modification is set out in document S11.

Incidental/Ancillary space

3.12. At the Stage 1 Hearing, there was a request from the inspectors to clarify the reference to 'ancillary' in Policy ED2 part I.

3.13. On reflection, the Council considers that ancillary may not be the most appropriate word because, while it describes space supporting the primary function (of the site) it can also be used to describe ancillary space within a building.

3.14. To clarify, a minor change of text is proposed. The intention is that only space that supports or complements the employment area should be allowed on a designated site – more strategic functions, serving a wider area, should be directed elsewhere.

3.15. The Council therefore proposes to amend Policy ED2 Part I to state:

- *“Facilities that support and enhance employment uses such as a workplace crèche or café may be acceptable where they are of a small scale appropriately sized to service the needs of the employment area and its employees.”*

Testing for industrial intensification/multi-floor industrial formats

- 3.16. At the hearing, the Inspectors asked for clarification over the requirement in Policy P2 (West of the Borough) Part M for applicants to ‘fully explore the opportunity for stacked, multi-floor formats to be developed in preference to single-storey formats’.
- 3.17. This requirement as drafted applies to proposals on the sites proposed to be released from the Green Belt. It reflects the need to ensure land is developed efficiently and developers seek, where feasible, to consider intensification options when developing land.
- 3.18. The Council’s support for the principle of industrial intensification applies throughout the borough. This is already reflected in Policy P2 and Policy ED2 part D), and is an approach consistent with London Plan Policy E7 Part A as well as the direction in the NPPF to promote an effective use of land (chapter 11 of the 2023 NPPF). Therefore, while a modification to clarify this approach could be made to Policy P2 Part M, the Council considers that it would be more effective to modify Policy ED1, Part G, thus applying the approach, as clarified, to all proposals.
- 3.19. The revised wording also provide clarification of what applicants will be expected to demonstrate. Reference is made to examples of intensified formats which developers should consider. The requirement does not mean that the Council will refuse planning applications if they do not propose such formats, but it does push developers to test these options and to demonstrate to the Council that they are not practical or viable, if that is the case.
- 3.20. The modification proposed is as follows:
- Add the following text to the end of Policy ED1 Part G:
 - **“Where industrial sites are redeveloped (or developed), developers should demonstrate that their proposal is an efficient use of land including by reference to new intensified floorspace formats that include ramped deck access to upper floors and, for lighter industrial uses, the use of goods lifts to access upper floorspace.”**
 - Delete Policy P2 Part M:
 - ~~M. Where industrial developments are proposed on land being released from the Green Belt (and where land is not affected by aviation-related building height limits), the Council will expect developers to fully explore the opportunity for stacked, multi-floor formats to be developed in preference to single-storey formats.~~

- If the inspectors consider that the change should be made to Policy P2, the above clause should be added to the end of Policy P2 Part M, replacing the existing text.

Small business units

- 3.21. The Council has already proposed a modification to this clause to remove the wording seeking proposals to provide small business units. The modification retains the requirement for a mix of unit sizes and also retains the second sentence of the clause seeking the re-provision of existing small business units currently on the site (Document S11, ref HLP_C2_26). At the hearing, the Inspectors asked for further clarification over the requirement relating to re-providing existing small business units.
- 3.22. The justification for this requirement is the fact that there is strong demand for these small units and weak record of new delivery – reflecting market pressure for larger units, particularly in the logistics sector. This means that small units are often consolidated into larger units when redeveloped. Many housing led proposals are reluctant to include traditional industrial and workspace uses because they are challenging to co-locate. Reflecting these factors, the policy seeks re-provision of small business units in development schemes.
- 3.23. Following the discussion at the hearing, the Council recognises that as drafted this policy ask is absolute and should be moderated. However, due to the fact that developers may seek to swap out lower value small business units for higher value uses, the Council suggests that the requirement should be that evidence is provided to demonstrate that the replacement of small units would not be detrimental to the overall supply of such units and therefore harmful to the borough’s economy.
- 3.24. The Council considers that the need to maintain a supply of property for small businesses is not limited to one part of the borough. Therefore, it considers that incorporating this requirement, as clarified, into Policy ED2 and removing it from Policy P2, would be more effective.
- 3.25. The Council therefore proposes the following modification:
- Add the following text to the end of Policy ED1 (to form a new Part L) (or replace the existing text of Policy P2 Part M with this text):
 - *“For proposals that include employment uses, provide a mix of unit sizes. For redevelopment, existing small business units should be re-provided **unless evidence is provided that the loss of the unit would not be detrimental to the borough’s economy and that there is adequate supply of such small units elsewhere.**”*

- Delete Policy P2 Part L:
 - ~~L. For proposals that include employment uses, provide a mix of unit sizes and in particular small business units. For redevelopment, existing small business units should be re-provided; and~~
- If the inspectors consider that the change should be made to Policy P2, the above clause should be added to the end of Policy P2 Part L, replacing the existing text.

Make the following changes to the supporting text:

- Add the following text (between paragraphs 4.13 and 4.14):
 - **‘Hounslow needs to secure a wide range of industrial property including maintaining a supply of small business units. These are particularly important for our creative sectors and, due to their lower value, challenging to replace when lost. Given their local economic importance, compelling evidence will be needed to demonstrate that the loss of small business units would not harm the borough’s overall supply of such business space.’**

Other changes

3.26. The Inspectors asked the Council to consider how to clarify the boundaries of the Strategic Outer London Development Centre (SOLDC), referred to in Policy ED2 part F. As the Council stated in its MIQ response¹⁴ to Question 10 of Matter 4, the current London Plan **(ADP1)** policy on SOLDCs (Policy E8 Sector growth opportunities and clusters) does not specify boundaries for these designations. It is also considered that the intentions of Policy E8 are embedded across the Plan in its approach to the Opportunity Area and CEZ status of the GWC area. Therefore, it considers that reference to the SOLDC is not necessary and, for the purposes of clarity, proposes to delete this reference in Policy ED2 Part F.

3.27. The Council therefore proposes the following modification:

- Make the following change to Policy ED1 Part F:
 - *“Provide an assessment demonstrating that development proposals do not compromise the objectives of the SIL or LSIS designations, and/or accord, where relevant, with the objectives of the Great West Corridor Creative Enterprise Zone and Strategic Outer London Development Centre.*

¹⁴ [See response to Question 10 in the Council’s MIQ Matter 4 Statement](#)

4. Policy ED4

- 4.1. At the hearings, the Inspectors sought confirmation over whether the proposed thresholds in Policy ED4 Part F had been subject to viability testing. The Council's viability consultant has confirmed to the Council that, for the purposes of the Whole Plan Viability Assessment this policy, including the proposed thresholds to which it would be applied, were all tested as part of this study.

5. Proposed modifications to Economic Development policies and supporting text

| Modification code | Policy; map/ figure | Paragraph/Clause | Page | Modification | Reason for modification |
|----------------------------|---|------------------|------|--|---|
| <i>e.g.</i> [HLP_C4_01] | | | | | |
| EIP_C4_05 | ED1 Promoting Employment Growth and Development | Parts B and C | 83 | Delete the following parts of the policy from the 'We will achieve this by' section. B-Directing new offices to the borough's four town centres, sites in key existing office locations and to sites which have been newly allocated in this plan, as stated in part (a) of this policy; and C-Directing new industrial/ warehousing and related development to the borough's Strategic Industrial Sites, Locally Significant Industrial sites and other existing industrial sites, and to sites which have been newly allocated/designated in this plan, as stated in part (a) of this policy. | To clarify which parts of the policy reflect Council approaches and which are geared towards the assessment of planning applications. |
| EIP_C4_06 | ED1 Promoting Employment Growth and Development | Part D | 83 | As a consequence of above change, the current part D of the policy would become part B. Amend the wording as follows: 'Overall, making provision for the following 285,400 sqm of net additional employment floorspace (538,200sqm gross floorspace) in the borough, comprising: I. Allocations providing capacity for 138,600 138,100 sqm of net additional industrial floorspace (157,800 163,600 sqm gross floorspace) in the West of the Borough area; II. Allocations providing capacity for 88,800 86,300 sqm of net additional industrial floorspace (210,400 210,900 sqm gross floorspace) in the remaining areas of the borough; | Consequential change from reordering of policy as outlined above. Figures amended to take account of latest monitoring information, and overall employment figures provided to clarify the overall provision. |

| | | | | | |
|-----------|---|--------|----|--|---|
| | | | | III. Allocations providing capacity for 61,200 58,500 sqm of net additional office floorspace (182,700 170,000 sqm gross floorspace) in the borough.' | |
| EIP_C4_07 | ED1 Promoting Employment Growth and Development | B & C | 83 | <p>Insert wording (as modified) to reflect the existing parts B and C of the policy, into the 'We will expect development proposals to' section:</p> <p>B C Directing new offices to Be located, in the case of new offices, in the borough's four town centres, sites in key existing office locations and to sites which have been newly allocated in this plan, as stated in part (a) of this policy; and</p> <p>C D Directing new Be located, in the case of industrial/warehousing and related development to in the borough's Strategic Industrial Sites, Locally Significant Industrial sites and other existing industrial sites, and to sites which have been newly allocated/designated in this plan, as stated in part (a) of this policy.</p> | To clarify which parts of the policy reflect Council approaches and which are geared towards the assessment of planning applications. |
| EIP_C4_08 | ED1 Promoting Employment Growth and Development | Part F | 89 | <p>Make the following change to Policy ED1 Part F:</p> <ul style="list-style-type: none"> ○ Provide an assessment demonstrating that development proposals do not compromise the objectives of the SIL or LSIS designations, and/or accord, where relevant, with the objectives of the Great West Corridor Creative Enterprise Zone and Strategic Outer London Development Centre. | The Council considers that inclusion of the reference to the Strategic Outer London Development Centre in this policy clause is not necessary. |
| EIP_C4_09 | ED1 Promoting Employment Growth and Development | G | 84 | <p>Amend policy ED1 Part G as follows:</p> <p>'When coming forward for employment development on allocated sites, to comply with the minimum development quantum set out in the respective site allocations (<u>taking account of Policy D3 of the 2021 London Plan</u>), <u>subject to the marketing requirements outlined in Policy ED2 Part H.</u>'</p> | Amendment to incorporate reference to London Plan Policy D3 as suggested by the inspectors. Also a consequential amendment to reflect the flexible approach to employment proposals outlined in to Policy ED2 Part H (see below). |

| | | | | | |
|---------------|---|---|----|---|--|
| EIP_C4_1 0 | ED1 Promoting Employment Growth and Development | G | 84 | Add the following text to the end of Policy ED1 Part G: <u>Where industrial sites are redeveloped (or developed) developers should demonstrate that their proposal is an efficient use of land including by reference to new intensified floorspace formats that include ramped deck access to upper floors and, for lighter industrial uses, the use of goods lifts to access upper floorspace.</u> | To clarify the Council's approach to encouraging developers to explore industrial intensification proposals (previously in Policy P2 Part M) and to explain how this would be assessed/what applicants would be expected to demonstrate. |
| EIP_C4_1 1 | ED1 Promoting Employment Growth and Development | H | 84 | Withdraw the proposed modification (HLP_C4_01) to Policy ED1 Part H Add extra bullet point to Policy ED1 Part H (III) to state: ' Any proposal for development on land assessed to be grey belt under the terms of the 2024 National Planning Policy Framework ' | The Council considers that this modification is not necessary. |
| EIP_C4_1 2 | ED1 Promoting Employment Growth and Development | I | 84 | Make the following changes to Policy ED1 Part I: "Affordable workspace should be provided on-site in perpetuity as a first preference. Off-site provision (within the borough) in perpetuity will be acceptable where it is demonstrated to the satisfaction of the Council that on-site provision is not feasible or off-site provision will achieve greater economic benefits. <u>The Council will seek to secure affordable workspace provision and/or off-site in lieu payments, through section 106 legal agreements.</u> Off-site provision will be secured through planning obligations with payments in lieu agreed on the basis of the <u>calculator set out in Figure ED1. level of provision (10 per cent of the floorspace) multiplied by the value of a 45 per cent reduction in rent for 15 years.</u> <u>To identify and allocate opportunities for affordable workspace projects to be delivered, the Council will expect developers to engage with the regeneration and economic growth team over provision of affordable workspace during the pre-application</u> | To clarify and provide the necessary justification for the approach to seeking affordable workspace, including reference to the off-site payment in lieu calculator. Also to correct a typo in the part of the policy on protecting existing affordable workspace. |

| | | | | | |
|-----------|---------------------------------|-----------------------------|----|--|--|
| | | | | <p><u>stage. Developers should then liaise with managed workspace providers at the design stage of the development. This process should ensure provision of units which are tenant-ready and which are suitable for subdivision and provide fully customisable spaces for end user requirements and interior specifications whilst ensuring minimum Category A fit out. Suitable affordable workspace providers should be agreed prior to the grant of planning permission.</u> Applicants should demonstrate that any affordable workspace provided would be managed by an appropriate workspace or studio provider and/or supported by an appropriate management scheme. Affordable workspace should be purposely designed to meet the needs of businesses operating within, or linked to, the creative industries (such as third sector organisations), or should be similar in standard and format to the commercial offer. Industrial workspaces are the preferred format of affordable workspace to cater for the creatives industries. Affordable workspace should also be prioritised for existing small and independent businesses occupying the site that are at risk of displacement. Developers should collaborate with the council, local businesses, business associations, relevant public sector stakeholders and workspace providers to identify the businesses that will be nominated for occupying affordable workspace. The redevelopment of existing affordable and open workspace must reprovide the maximum viable quality quantity of such economic floorspace, in perpetuity or for a minimum of 30 years, at equivalent rents (taking into account service charges).”</p> | |
| EIP_C4_13 | ED1 Promoting Employment Growth | New part of policy (Part L) | 85 | <p>Add the following text to the end of Policy ED1 (to form a new Part L): <u>For proposals that include employment uses, provide a mix of unit sizes. For redevelopment, existing small business units should be</u></p> | To clarify the Council’s approach to the reprovision of existing small business units (previously in Policy P2 Part L) |

| | | | | | |
|-----------|---|-----------|-------|--|---|
| | and Development | | | <u>re-provided unless evidence is provided that the loss of the unit would not be detrimental to the borough's economy and that there is adequate supply of such small units elsewhere.</u> | and to explain how this would be assessed/what applicants would be expected to demonstrate. |
| EIP_C4_14 | ED1 Promoting Employment Growth and Development | 4.10-4.11 | 86-87 | <p>Delete paragraphs 4.10-4.11 of the supporting text to Policy ED1:</p> <p>4.10 Taking account of this context, for sites in the GWC which allocate office floorspace to come forward in the first phase of the plan period, the Council will take a flexible approach towards proposals where justified. Specifically, marketing evidence will be considered on a case-by-case basis for departing from the minimum development quantum for this use, to enable suitable proposals to progress. The Council will, however, expect proposals to continue to propose significant employment floorspace. 4.11-4.11 For sites allocated for this use beyond the first phase of the plan period, no change to the allocations are proposed. The Council's evidence has indicated that it is not certain that the immediate challenges for the office market will 86 Hounslow Local Plan 2020-2041 become a long-term trend, and that the office market may return to levels seen prior to the Covid-19 pandemic, or closer to this, over time. As such, and given the wider challenges and objectives of the plan set out above, flexibility on the minimum development quantum for business use will not be built into these particular allocations in the plan. Notwithstanding this, there will be an opportunity to reassess these sites when the Council's employment land evidence base is next updated, at a point when longer term economic trends on employment land are better understood. If the medium long term phased sites come forward sooner than expected, the above approach in relation to shorter term sites will be taken.</p> <p>Amend paragraph numbering to fit format.</p> | Supporting text giving further detail of the approach towards assessing employment proposals in the light of current market challenges is proposed to be added under Policy ED2; this text is therefore proposed to be deleted. |

| | | | | | |
|---------------|---|---------------------------------|----|---|---|
| EIP_C4_1 5 | ED1 Promoting Employment Growth and Development | Supporting text, paragraph 4.12 | 87 | <p>Make the following changes to the supporting text at paragraph 4.12 (which in the light of the above modification would become the new paragraph 4.10):</p> <p>This policy also sets out some key requirements for proposals which come forward for employment development across the borough, including on the delivery of affordable workspace.</p> <p>Policy E3 of the London Plan 2021 states that planning obligations may be used to secure affordable workspace at rents maintained below the market rate, and that boroughs should consider detailed affordable workspace policies in light of local evidence of need and viability. In order to provide such evidence for Hounslow, the Council has commissioned evidence to support an approach to seeking affordable workspace as part of its Employment Land Review update. This has recommended that affordable workspace provision would be justified and would be viable based on the provision of at least 10 per cent of floorspace to be provided with a 45 per cent discount on the rental levels. The Council will therefore seek this quantum of provision for proposals in the borough which seek a net increase of employment floorspace. One of the key growth sectors in the borough is the creatives and media sector, and as set out in the Spatial Strategy chapter, the Great West Corridor was designated as a Creative Enterprise Zone by the mayor of London in 2018. The purpose of this status is to promote new creative clusters and workspaces, provide employment and training for local people and strengthen the already thriving creative economy in Hounslow. Previous employment studies have already highlighted issues with the ability of the market to deliver premises for businesses in this sector which are sufficiently affordable in terms of their rental levels. Given that</p> | To clarify and provide the necessary justification for the approach to seeking affordable workspace across the borough. To reflect the changes to plan-making in relation to the phase out of SPDs, and as suggested by the Inspectors during the Stage 1 hearing sessions. |
|---------------|---|---------------------------------|----|---|---|

| | | | | |
|--|--|--|--|--|
| | | | <p>the latest study is continuing to point to a significant demand for additional floorspace for these sectors, and given the strategic priority given by both the mayor and the Council to supporting its further growth, the Council considers that seeking planning obligations to provide affordable workspace, with a particular priority given to supporting this sector, is justified. The council's strategy for supporting the delivery of affordable workspace will be to prioritise the provision of industrial workspaces directed towards enterprises and organisations operating in the creative industries. <u><i>The Council's employment studies have provided evidence of a significant demand for additional floorspace for these sectors, and that there is a shortage of affordable flexible workspaces to meet the growth needs of this sector. Outside the GWC, the employment studies also highlight that there is pressure on the secondary market due to the redevelopment of older industrial spaces for data centres or logistics uses, typologies which are not suitable for firms that may be displaced by redevelopment. The push to larger logistics units – which has already been taking place at some existing sites in the west of the borough - can come at the expense of smaller more fragmented units which are often likely to be lower cost for local business sectors. The Council therefore considers that seeking affordable workspace from employment schemes borough-wide meeting specified thresholds is justified.</i></u> In some cases, where justified on a case-by-case basis and agreed with the Council, in lieu payments could be provided as a replacement for direct provision, and these contributions could be pooled to provide off-site clusters of small affordable workspaces in appropriate locations. The Council will produce</p> | |
|--|--|--|--|--|

| | | | | | |
|-----------|---|--|----|---|---|
| | | | | a Supplementary Planning Document to outline in more detail this approach, and how contributions will be used: | |
| EIP_C4_16 | ED1 Promoting Employment Growth and Development | Supporting text, to be inserted after paragraph 4.12 | 87 | <p>Add the following paragraphs after existing paragraph 4.12 (renumbered as paragraph 4.10, so that the following added text would start at paragraph 4.11)), together with any necessary subsequent renumbering of paragraphs:</p> <p><u>4.11 The Council will seek to secure affordable workspace provision and/or off-site in lieu payments through section 106 legal agreements. The normal approach will be to require developers, through such agreements, to provide an affordable workspace strategy to detail the key principles for the affordable workspace, including marketing, quality and type of units to be provided. The Council would input into, and agree, these strategies.</u></p> <p><u>4.12 To identify and allocate opportunities for affordable workspace projects to be delivered, the Council would expect developers to engage with the regeneration and economic growth team over provision of affordable workspace during the pre-application stage. This is to ensure that the nature of the affordable workspace delivered is appropriate for the area and site in question and that appropriate workspace providers can be involved early at the design stage.</u></p> <p><u>4.13 Developers should then liaise with managed workspace providers at the design stage of the development to ensure provision of units which are tenant-ready and which are suitable for subdivision and provide fully customisable spaces for end user requirements and interior specifications whilst ensuring minimum Category A fit out.</u></p> <p><u>4.14 In some cases, where justified on a case-by-case basis and agreed with the Council, in lieu payments could be provided as a replacement for direct provision, and these</u></p> | To clarify and provide the necessary justification for the approach to seeking affordable workspace, including providing details of the off-site payment in lieu calculator |

| | | | | |
|--|--|--|--|--|
| | | | <p><u>contributions could be pooled to provide off site clusters of small affordable workspaces in appropriate locations. Such payments will be agreed based on the calculator set out in Figure ED1. This calculator has been produced on the basis of reflecting the proportion of affordable workspace sought in the policy, while seeking to ensure viability neutrality between onsite and offsite delivery.</u></p> <p><u>4.15 Regarding the provision of affordable workspace, it is envisaged that sites allocated in the plan for employment development will be appropriate locations for on-site provision. These sites will also likely be an appropriate location for the delivery of off-site provision arising from other sites which have generated in lieu payments. In particular, these include sites in the Great West Corridor and, in the west of the borough, the various site allocations in and around Feltham town centre, including at the former MOD site.</u></p> <p><u>4.16 Where in lieu payments are collected, these will be used towards establishing clusters of affordable workspace in suitable locations, such as via site allocations and other Council regeneration initiatives</u></p> <p><u>4.17 Management arrangements for affordable workspace would be subject to individual site circumstances and developers should liaise with the Council’s regeneration and economic growth team at the pre-application stage in order to agree suitable arrangements in each case, tailored to the particular circumstances. Suitable affordable workspace providers should be agreed prior to the grant of planning permission.</u></p> <p><u>Figure ED1: Affordable Workspace Payment In Lieu Calculator</u></p> | |
|--|--|--|--|--|

| | | | | Definition | Information required for worked example | |
|--|--|--|--|------------|--|---------------------------------------|
| | | | | A | Total lettable employment floorspace in development (sqm) | |
| | | | | B | Percentage of floorspace floorspace to be Affordable Workspace | 10.00% |
| | | | | C | Amount of floorspace to be Affordable Workspace | C = A x B |
| | | | | D | Market rent (£ per sqm) - determined by market comparables | |
| | | | | E | Discount to market rent for Affordable Workspace (%) | 45.00% |
| | | | | F | Discounted Affordable Workspace rent (£psm) | F = D x (1-E) |
| | | | | G | Rent for Affordable Workspace at discounted rent | G = F x C |
| | | | | H | Market Investment yield, sourced from market comparables | |
| | | | | I | Affordable Workspace term (years) default 15 years | 15 |
| | | | | J | Income multiplier for market investment yield for Affordable Workspace term | J = (1 - (1+H)^{-I})/H |
| | | | | K | Capital value of Affordable Workspace at Affordable Workspace term | K = J x G |
| | | | | L | Affordable adjustment | 40% |
| | | | | M | Affordable Workspace Payment | M = K x (1 - L) |

| | | | | | | |
|--|--|--|--|----------------|---|------------------|
| | | | | N | Affordable Workspace Payment £ per sq m | N = M / C |
| | | | | Step 1: | Calculate C - the amount of floorspace to be Affordable Workspace | - |
| | | | | Step 2: | Calculate F - discounted Affordable Workspace rent | £0 |
| | | | | Step 3: | Calculate G - rent for Affordable Workspace at discounted rent | £0 |
| | | | | Step 4: | Calculate J - income multiplier for market investment yield for Affordable Workspace term | #DIV/0! |
| | | | | Step 5: | Calculate K - capital value of Affordable Workspace at Affordable Workspace term | #DIV/0! |
| | | | | Step 6: | Calculate M - the Affordable Workspace Payment | #DIV/0! |

| | | | | | |
|-----------|--|--|-------|--|---|
| | | | | <p>Step 7: Calculate N the Affordable Workspace Payment in £ per sqm</p> <p style="text-align: right;">#DIV/0!</p> | |
| | | | | Amend any subsequent paragraph numbering to fit format | |
| EIP_C4_17 | ED1 Promoting Employment Growth and Development | Policy ED1 new supporting text (insert after paragraph 4.14) | 87-88 | <p>Add the following text after existing paragraphs 4.14 (which in the light of the above modifications would become paragraphs 4.18, with this added paragraph becoming paragraph 4.19):</p> <p><u>4.19 Hounslow needs to secure a wide range of industrial property including maintaining a supply of small business units. These are particularly important for our creative sectors and, due to their lower value, challenging to replace when lost. Given their local economic importance, compelling evidence will be needed to demonstrate that the loss of small business units would not harm the borough's overall supply of such business space.</u></p> | To clarify the Council's approach to the re-provision of existing small business units (previously in Policy P2 Part L) and to explain how this would be assessed/what applicants would be expected to demonstrate. |
| EIP_C4_18 | ED2 Maintaining the Borough's Employment Land Supply | C | 89 | <p>Amend the wording of this part of the policy as follows: 'Managing and protecting Key Existing Office Locations (KEOLs) as identified on the Policies Map namely the borough's four town centres (Hounslow, Chiswick, Brentford and Feltham), Chiswick Business Park, Bedfont Lakes and <u>the</u> sections of the Great West Road <u>which are designated as KEOLs (as identified in the Policies Map).</u>'</p> | To clarify the reference to the 'sections of the Great West Road' in the policy. Please note, the supporting text already refers to the two sections under the list of 'Key Existing Office Locations (KEOLs)'. |
| EIP_C4_19 | ED2 Maintaining the Borough's Employment Land Supply | H (I) | 90 | <p>Amend the text of policy ED2, part H, as follows:</p> <p>Submit the following information where a loss of E(g)(i, ii, iii), B2 or B8 or similar employment uses is proposed outside of SILs and LSISs <u>or, on sites allocated for employment use, where the quantum of development proposed for the above use classes is lower than any minimum development quantum for specified use classes outlined in the relevant allocation:</u></p> <p>i. Evidence of active marketing of the site for employment uses <u>(for existing sites, this would apply</u></p> | To incorporate the approach to assessing employment proposals in the light of current market challenges, which was previously contained within supporting text, into policy. To clarify that marketing would apply to land and/floorspace; |

| | | | | | |
|-----------|--|---|----|---|--|
| | | | | <p><u>to existing floorspace and/or the land in question</u>) for a period of at least two years in Key Existing Office Locations (<u>specifically for office use</u>) or for a period of at least one year in other locations (<u>for the specific existing use</u>);</p> <ul style="list-style-type: none"> ○ <u>Reflecting short term market signals for office space, where evidence is provided that more than 10% of the Boroughs office stock is vacant, and this will not be addressed given land with planning permission (or prior approval), the Council may consider not applying the above marketing requirement for non-designated sites and only requiring one year of marketing (for office use) for sites in Key Existing Office Locations.</u> ○ <u>Applicants should seek to agree this with the Council prior to an application being made.</u> ○ <u>In all proposals, the Council will continue to expect to see a significant quantum of employment space delivered, and applicants will therefore be expected to demonstrate how they are optimising the delivery of employment floorspace as part of their proposal.</u> | and that for marketing in KEOLs, the marketing would need to be specifically for office use. |
| EIP_C4_20 | ED2 Maintaining the Borough's Employment Land Supply | I | 90 | <p>Policy ED2 I Facilities that support and enhance employment uses such as a workplace crèche or café may be acceptable where they are of a small scale <u>appropriately sized to service the needs of the employment area and its employees.</u></p> | To clarify the meaning of ancillary developments and how they will be assessed. |

| | | | | | |
|---------------|--|--|----|--|--|
| EIP_C4_2 1 | ED2 Maintaining the Borough's Employment Land Supply | Policy ED2 new supporting text (insert after paragraph 4.15) | 91 | <p>Add the following supporting text to Policy ED2 (insert after paragraph 4.15):</p> <p><u>4.16 As highlighted in the supporting text to Policy ED1, the Hounslow office market is currently rebalancing following the Covid-10 pandemic, but the evidence base continues to indicate a significant demand for employment floorspace in various typologies. Recognising these factors, the Council monitor office vacancy rates and will consider releasing space, existing or proposed, where applicants can demonstrate that there is more than 10% stock vacant - including stock proposed (subject to planning permission, application or allocation) to be released. Where evidence is provided that more than 10% of the borough's stock is vacant, and this will not be addressed given land with planning permission (or permitted development rights) to be lost, the Council may consider not applying the above marketing requirement for non-designated sites and only requiring one year of marketing for protected Key Existing Office Locations.</u></p> <p>Amend subsequent paragraph numbering to fit format</p> | Supporting text giving further detail of the approach towards assessing employment proposals in the light of current market challenges facing the office sector. |
| EIP_C4_2 2 | Figure ED1: Economic Development land in the borough | | 98 | Amend title of figure as follows: ' Fig ED1 <u>Fig ED2</u> : Economic Development land in the Borough' | Consequential change following proposed insertion of Figure ED1 containing the affordable workspace payment in lieu calculator |

6. APPENDIX 1. NOTE ON CONTRIBUTIONS FROM POLICIES FROM QUINTIC

LONDON BOROUGH OF HOUNSLOW – LOCAL PLAN CONTRIBUTIONS IN POLICIE C11 AND ED4

The Inspector's have requested further information on how the following contributions in the Plan policies were viability tested in the Local Plan Viability Study:

Contributions sought in Part D of Policy C11 “We will expect development proposals to contribute to the delivery of high quality local community facilities and social infrastructure in line with the Infrastructure Delivery Plan”.

The Local Plan Viability Assessment reflects the requirements of Part D of Policy C11 through CIL contributions, which the Council will use to fund the delivery of local community facilities and social infrastructure. Funding these facilities through CIL enables the Council to retain control of the quality of the facilities delivered, as well as pooling contributions from a wider range of schemes than would have been possible through the use of planning obligations.

Policy ED4 – Enhancing Local Skills Part A - Seeking planning obligations towards construction training, employment training, including apprenticeships, and job brokerage where related in scale and kind to the development.

The Local Plan Viability Study incorporates an allowance for construction and employment training via a calculation widely used across London based on the number of jobs per £1 million of construction costs. This equates to circa 0.75% of construction costs or £10.21 per square metre.

Table 1: Employment and training levy incorporated into the appraisals

| | Site | Employment and training levy |
|----|----------------------------------|------------------------------|
| 37 | West Cross Industrial Estate | £630,614 |
| 38 | Phoenix Business Park | £178,546 |
| 39 | Kew Bridge District Centre | £457,174 |
| 40 | EMC Tower | £788,288 |
| 41 | Lidl Feltham | £103,044 |
| 42 | Land at Hatton Fields | £648,096 |
| 43 | MOD Feltham | £258,592 |
| 44 | Leisure West | £157,300 |
| 45 | Land south of West International | £355,049 |
| 46 | 34 Staines Road | £46,663 |
| 47 | Hounslow Bus Garage | £95,929 |
| 48 | Sainsburys Chiswick | £222,912 |

Quintic Advisory
11 March 2026

Note for Inspectors: The development viability business line at BNP Paribas Real Estate transferred to Quintic Advisory from 1 March 2026