

Article 4 Direction Office to Residential: Evidence & Research

February 2020

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Haringey's
Levels Between

1.0 The Issue under Consideration

1.1 Background

1.2 In 2013, the Government introduced changes to Permitted Development rights, which included Prior Approval to allow offices (use class B1a) to change use to residential (use class C3) without a full planning permission. The intent of this being to increase the provision of new homes by introducing greater flexibility and speed to the delivery process.

1.3 However, there is widespread evidence that these changes have led to significant negative impacts, particularly on the quality and amenity of the residential units being delivered, and through the loss of employment floorspace to the detriment of the office market. The introduction of permitted development rights has also hindered the Council's Plan Led approach to development in Haringey as set out in the Local Plan. Without intervention to restrict these Prior Approvals from office to residential by the Council, these negative impacts are likely to continue.

1.4 The Council has therefore proposed the making of a non-immediate Article 4 Direction for parts of the Borough to remove Permitted Development rights for office (B1a) to residential (C3). It will reinstate the need for a grant of planning permission for such proposals in the areas in which the Article 4 Direction would apply, and thus reinstate the primacy of the Local Plan in shaping future development in these areas.

1.5 The Article 4 Direction will apply to the areas of Haringey identified as Growth Areas and Metropolitan and District Centres on the adopted Policies Map. In order to avoid any potential claims for compensation, it is proposed that the Article 4 Direction is non-immediate and would come into force 12 months after being made. The Article 4 Direction will require confirmation after consideration of consultation responses.

1.6 Reasons for Decision

1.7 The making and confirming of a new Article 4 Direction to restrict offices being converted to homes without planning permission in key areas of the Borough will result in some significant benefits. This includes the ability to properly assess any proposals with regards to employment and town centre priorities, the quantum and demand for office floorspace, and any impact on key business sectors to ensure any proposal doesn't harm the local economy. It will also enable the Council to require affordable housing provision where relevant, and to require minimum space and amenity standards to be met. This will ensure that future office conversions do not result in unacceptable impacts on the economy or future living standards of residents. It will also enable the Council to utilise a Plan Led approach underpinned by robust evidence to come to decisions on such proposals.

2.0 Haringey Context

Haringey Council has received applications for prior approval on 86 sites in the past four years. Of these, the Council has refused five applications, of which four were appealed. Of the four the Council refused, it has been successful in defending the refusals at appeal.

2 Office Supply and Demand

- 2.1 Haringey's Employment Land Study (2015) identified that Haringey Borough has 465,544 sqm of B-class use employment floorspace. The majority of this floorspace consists of warehousing and distribution (B8) with a 49% share; light and general industrial (B1c/B2) has a 36% share; and offices constitute the smallest share of B-class employment floorspace with 15%¹.
- 2.2 According to the Valuation Office Agency (2019), in 2018/19, Haringey had 116,000 sqm of rateable office floorspace, which was made up of 990 rateable office premises, and equated to a value of £14,546,000². The same set of statistics suggests the total number of rateable business units in Haringey in 2018/19 was 7,150 (1,780 industrial; 990 office; 2,950 retail; and 1,430 other). This suggests that rateable office floorspace equates for 13.85% of total rateable business floorspace in Haringey.
- 2.3 Haringey has over 29,669 sqm of actively marketed B-class use employment vacant floorspace, according to the Employment Land Study (2015). The majority (79%) of available B-class commercial floorspace is concentrated in mixed industrial (B1/B2/B8) floor space (23,570 sqm), while office floorspace (B1a) accounts for 11% of available floorspace (3,282 sqm), and light industrial/business units (B1c use class) constitutes 9% of the market (2,818 sqm)³.
- 2.4 The same study analysed Estates Gazette data and showed that 80% of the marketed B-class stock was second hand grade-B, which may limit the options and flexibility offered to potential businesses looking to invest in the Borough⁴. However, VOA (2019) estimates suggest that the rate for office floorspace has increased from

¹ <https://www.haringey.gov.uk/planning-and-building-control/planning/planning-policy/local-plan/local-plan-evidence-base#elr>

² <https://www.gov.uk/government/statistics/non-domestic-rating-stock-of-properties-including-business-floorspace-2019>

³ <https://www.haringey.gov.uk/planning-and-building-control/planning/planning-policy/local-plan/local-plan-evidence-base#elr>

⁴ <https://www.egi.co.uk/> via <https://www.haringey.gov.uk/planning-and-building-control/planning/planning-policy/local-plan/local-plan-evidence-base#elr>

£101.00 per sqm in 2014/15 to £125.00 per sqm in 2018/19⁵. This increase coincides with the introduction of prior approval permitted development rights to convert offices to residential use.

2.5 Haringey's Employment Land Study (2015) assessed Haringey's future employment floorspace and land requirements by use class (B1a Offices, B1b Research and Development, B1c Light Industry, B2 General Industry and B8 Storage and Distribution), considering three possible growth scenarios⁶: (1) a scenario based on the employment forecasts produced by Experian in April 2014; (2) a scenario based on the employment forecasts appearing in the Draft Further Alterations to the London Plan (January 2014); and (3) a trend-based scenario based on Haringey's historic employment growth levels.

2.6 Scenario 1: Experian-Based Scenario

2.7 According to Experian, full time equivalent employment (FTE) across all sectors within Haringey was forecast to increase from 50,850 FTEs in 2011 to approximately 68,460 FTEs in 2031, an increase of approximately 35%. The number of FTEs in B use class sectors was forecast to increase from 25,800 in 2011 to 35,530 in 2031, an increase of approximately 38%. Employment in B1a/b sectors is forecast to increase by approximately 8,540 FTE jobs between 2011 and 2031, which equates to an increase of 45%.

2.8 Based on these employment forecasts and the employment density and plot ratio assumptions, Haringey's floorspace and land requirements over the period 2011-2031 are to rise. According to the Experian-based scenario, B1a/b land demand will grow by 16 ha or 102,600 sqm over the period 2011-2031 (see Tables 1 and 2).

Table 1 – B use class floorspace need (sqm) – Scenario 1

Use Class	2011	2016	2021	2026	2031	Change 2011-2031
B1a/b	226,000	275,300	294,000	310,800	329,200	102,600
B1c / B2	99,700	99,400	93,600	88,900	82,800	-16,900
B8	309,500	354,300	378,500	401,000	421,900	112,400
Total Floorspace	635,800	729,000	766,100	800,700	833,900	198,100

Table 2 – B use class land need (ha) – Scenario 1

⁵ <https://www.gov.uk/government/statistics/non-domestic-rating-stock-of-properties-including-business-floorspace-2019>

⁶ <https://www.haringey.gov.uk/planning-and-building-control/planning/planning-policy/local-plan/local-plan-evidence-base#elr>

Use Class	2011	2016	2021	2026	2031	Change 2011-2031
B1a/b	35	42	45	48	51	16
B1c / B2	25	25	23	22	21	-4
B8	62	71	76	80	84	22
Total Land	122	138	144	150	156	34

2.9 Scenario 2: London Plan Aligned Scenario

2.10 According to GLA Economics' forecasts, employment in Haringey will increase from 73,000 jobs in 2011 to 90,000 jobs in 2031 and 95,000 jobs in 2036. The number of jobs in Haringey is forecast to grow by 29.5% between 2011 and 2036; this is the highest level of employment growth among all London boroughs.

2.11 Haringey's B use class floorspace requirements are expected to increase by at least 178,400 sqm over the period 2011-2031. B8 floorspace requirements are projected to increase by 111,600 sqm and B1a/b by 97,100 sqm while B1c/B2 floorspace requirements are expected to decline by 30,300 sqm (see Table 3). In terms of employment land need, B8 requirements are projected to increase by 22 ha and B1a/b by 15 ha while demand for B1c/B2 land is forecast to decline by 8 ha resulting in a net additional requirement of 30 ha (see Table 4).

Table 3 – B use class floorspace need (sqm) – Scenario 2

Use Class	2011	2016	2021	2026	2031	Change 2011-2031
B1a/b	257,600	300,500	316,000	334,300	354,700	97,100
B1c / B2	124,600	115,500	106,200	101,400	94,300	-30,300
B8	367,700	399,100	417,900	449,500	479,300	111,600
Total Floorspace	749,900	815,100	840,100	885,200	928,300	178,400

Table 4 – B use class land need (ha) – Scenario 2

Use Class	2011	2016	2021	2026	2031	Change
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						2011-2031
B1a/b	40	46	49	51	55	15
B1c / B2	31	29	27	25	24	-8
B8	74	80	84	90	96	22
Total Land	144	155	159	167	174	30

2.12 Scenario 3: Trend-Based Scenario Based on Haringey's Historic Employment Growth Levels Between 1997 and 2013

2.13 In terms of specific employment sectors, historic trends confirm the collapse of the manufacturing sector which lost 72% of its number of jobs over the period 1997-2013. The wholesale sector also experienced significant decline (-24%) while B1 sectors achieved significant levels of growth, with the professional services sector in particular growing by 37% between 1997 and 2013. The projection of these historic trends to 2031 suggests further growth in B1a/b sectors and further decline in B1c/B2 and B8 sectors. Under Scenario 3, B1a/b floorspace demand will increase by some 48,800 sqm over the period 2011-2031 (see Table 5). The above floorspace projections translate into indicative demand for 8 additional hectares of B1a/b land over the period 2013-2031 (see Table 6).

Table 5 – B use class land need (sqm) – Scenario 3

Use Class	2011	2016	2021	2026	2031	Change 2011-2031
B1a/b	226,600	250,000	258,400	266,900	275,400	48,800
B1c / B2	99,700	81,000	82,600	86,100	89,700	-10,000
B8	309,500	298,100	283,900	270,800	257,700	-51,800
Total Floorspace	635,800	629,100	624,900	623,800	622,800	-13,000

Table 6 – B use class land need (ha) – Scenario 3

Use Class	2011	2016	2021	2026	2031	Change
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						2011-2031
B1a/b	35	38	40	41	42	8
B1c / B2	25	20	21	22	22	-3
B8	62	60	57	54	52	-10
Total Land	122	118	117	117	116	-5

2.14 In addition to this, the London Office Policy Review (2017) suggests there is a need for an additional 55,040 sqm of office floorspace over the same period⁷. It is therefore evident that under all scenarios an increase in office floorspace will be needed. Losses will therefore exacerbate this need.

2.15 Office Floorspace Lost

2.16 The Prior Approval process nationally has assisted in meeting the Government's aspirations of increasing housing supply in terms of numbers of homes, however this has been at the expense of a significant quantum of office floorspace and many under-sized residential units, especially in London.

2.17 As of January 2020, in Haringey, 500 homes have attained permission through 62 B1a office to residential prior approvals, 364 homes have been completed, whilst a further 19 are under-construction. This leaves a further 117 homes which, in theory, could come forward. To date Haringey has lost 14,327 sqm of office floorspace by this mechanism⁸.

2.18 In terms of the potential losses of office floorspace overall in the Borough, there has been approval (via full planning permission and prior approval) for a loss of 19,451sqm of office floorspace since April 2014 (net) (see table 7). As stated above, there has been a loss of 14,327sqm via prior approval, and so it is evident that the majority of floorspace lost is happening via prior approval.

Table 7 – Losses and gains in employment floorspace (B use classes) – Approvals

Use Class	2014/15	2015/16	2016/17	2017/18	2018/19	Total
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⁷ https://www.london.gov.uk/sites/default/files/london_office_policy_review_2017_final_17_06_07.pdf

⁸ London Development Database (2020)

B1 (a/b/c) (Business) (sqm)	-4,605	-10,317	-3,252	-7,346	6,069	19,451
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2.19 **Jobs Density and Workspace Provision**

2.20 The emerging Haringey Economic Development Strategy: Economic Baseline - Evidence Report (2019) suggests there has been a steady increase in the number of people employed in the professional services sector, a rise of 18% between 2013 and 2018. This rise in employment is also reflected in a trend seeing a rise in the professional service businesses, by 20% between 2015 and 2019. This is exclusively due to an increase in small and micro professional services businesses⁹.

2.21 Haringey has a diverse range of workspaces across the borough, including a mix of office, retail and industrial space. The workspace market has experienced rapid growth in values in recent years, following trends experienced across London. Strong demand for workspace, both locally and across London, has led to a marked shift in the local workspace market in recent years.

2.22 Many of Haringey's workspaces have congregated around key employment or industrial locations which have good transport access, with concentrations around Wood Green, Seven Sisters and Tottenham Hale. Haringey's Workspace Viability Study (2014) identifies 15 sites within the borough that have strong potential for workspace development in the future¹⁰. These 15 sites fall into four clusters:

- Cluster 1 – Haringey Warehouse District and Greater Ashfield Road
- Cluster 2 – Haringey Heartlands and Wood Green Metropolitan Town Centre
- Cluster 3 – North Tottenham (Brantwood Estate) and High Road West
- Cluster 4a/4b – High Road Corridor/Tottenham Hale and South Tottenham

2.23 The sites within Cluster 1 do not fall within the District Centres or the Growth Areas identified. However, this area has been identified in the Local Plan for warehouse living in the main, and most of the office stock is ancillary to manufacturing and warehousing uses. The sites within Haringey Warehouse District and Greater Ashfield Road therefore already have a high number of warehouse and ancillary office to residential conversions.

2.24 The sites within Cluster 2 fall within a District Centre or a Growth Area or both. Some of the sites within Cluster 3 fall within a Growth Area. The sites within Cluster 4 fall within a District Centre or a Growth Area or both. The Article 4 Direction will thus apply to the areas of Haringey identified as Growth Areas and Metropolitan and

⁹ Emerging 'Haringey Economic Development Strategy: Economic Baseline – Evidence Report' (2019)

¹⁰ <https://www.haringey.gov.uk/planning-and-building-control/planning/planning-policy/local-plan/local-plan-evidence-base#wvs>

District Centres on the adopted Policies Map and will cover these identified important economic clusters.

2.25 **Realising the Potential: Wood Green Growth Area**

2.26 **Policy Context:** the principle of Good Growth and other objectives provide a robust basis for intensification of both general employment and office use in particular¹¹.

2.27 **Employment:** Haringey's emerging draft Wood Green Economy & Employment Space Study (EESS) (2020) identifies that there are just over 9,000 jobs in Wood Green. The low levels (proportionally) of B-class employment are somewhat unusual within London Metropolitan Centres, as they tend to have a much stronger office based economy.

2.28 **Growth Projections:** projections for the next 20 years suggests that the make-up of the economy in Wood Green is changing and the following sectors will have an increased share of total employment in Wood Green: arts, entertainments, recreation and other services; professional, scientific and technical; property; finance and insurance; and transport and storage. This would suggest a future need for a mix of spaces, including an increase in the supply of good quality office floor space.

2.29 **Lessons for Wood Green:** in terms of its employment offer, Wood Green does not compare favourably with a number of other Metropolitan Town Centres in London. It lacks a critical mass of employment, businesses and floorspace to enable it to compete with other boroughs.

2.30 **Realising the Potential:** to ensure Wood Green is able to retain and attract business activity the EESS concluded that there are a series of challenges that policy and investment will need to address directly to if economic opportunities are to be expanded. Based on the projections there is an emerging need for a greater amount of small-scale professionalised office environments, and shared office spaces for use by micro to small professional and administrative as well as growing creative and tech businesses. Largely this will be good quality, B1a office stock for micro to small businesses (co-working space and shared/serviced offices) with adequate adaptability to accommodate future demand from larger businesses, for instance technology, computing, media, and telecoms (which will require larger floorplate B1a space or larger units within a serviced office provision).

3.0 Regional and National Context

3 Office Supply and Demand

¹¹ Emerging draft Wood Green Economy & Employment Space Study (2020)

- 3.1 Greater London has been particularly affected by the introduction of permitted development rights. This is because in many parts of the capital there is a significant differential between office and residential values which, combined with high demand and land scarcities, has created an incentive for landlords to seek conversion of viable and occupied offices without seeking planning permission.
- 3.2 The impact of the permitted development rights on London's economy has been multifaceted. Figures submitted by London boroughs indicate that approval has been granted for at least 100,000 sqm of wholly occupied office floorspace between May 2013 and April 2015, and 834,000 sqm total office floorspace¹². Also, the existing permitted development rights make no distinction between occupied and vacant office accommodation, and allow for no consideration of the impact of the loss of key office space. There has been an increase in office rents in some boroughs. Some boroughs have reported that permitted development rights have had an impact on land values for scarce office stock, threatening the viability of office redevelopment and refurbishment even in areas where there is clear demand. Furthermore, in some cases, viability of local office markets has been reduced. In outer London in particular, a critical mass of office accommodation is being lost, reducing the viability of economic centres and the availability of neighbourhood office accommodation.
- 3.3 Outside the office to residential permitted development rights exemption areas, more than 1.9 million sqm of office space had received prior approval to change to residential by March 2018. There are concerns that office to residential permitted development rights are having disproportionate impacts on occupied office floorspace and on SMEs and that it could undermine the potential to deliver significantly more housing through more intensive forms of mixed-use development, particularly in town centres. The draft London Plan therefore supports boroughs to consult upon and introduce Article 4 Directions for geographically-defined parts of existing and viable strategic and local office locations, to ensure that their office functions are not undermined by office to residential permitted development rights and to protect local amenity or the wellbeing of an area¹³.
- 3.4 According to the Royal Institute of Chartered Surveyors (2018), evidence of significant loss of office space is abundant, and many sources suggest that some of this space was in use prior to the permitted development conversion. Estimates in the report state that an annual loss of 966,000 sqm across the country since the introduction of office to residential permitted development, and a total of 797,000 sqm converted in London alone. According to the London Office Policy Review (2017), the inner London Borough of Haringey has 'suffered significant percentage change in stock'¹⁴.
- 3.5 These developments do not necessarily convert vacant premises, a concern that that is particularly prevalent in London as 55% of permitted development rights schemes involve occupied buildings (40% fully occupied and 15% partially-occupied),

¹² <https://www.londoncouncils.gov.uk/our-key-themes/housing-and-planning/permitted-development-rights/impact-permitted-development-rights>

¹³ <https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan>

¹⁴ https://www.london.gov.uk/sites/default/files/london_office_policy_review_2017_final_17_06_07.pdf

according to the London Office Policy Review (2017)¹⁵. The Review also suggests that it is also likely that these numbers underestimate the impact by excluding buildings where owners emptied the building before a prior approval, or chose not to re-let vacant space that might have found a willing tenant. The Review estimates that over 30,000 jobs have been disrupted, with the overwhelming majority of these being in SMEs occupying economically-priced space which might be hard to replace, and this represents a significant disruption to the small business community. The result of permitted development rights in Haringey is that low value employment space in particular is vulnerable to change of use – the very space that traditionally met the needs of many small, young or low margin businesses and created local employment.

3.6 Office to residential permitted development conversions are likely to have an impact on office rents more broadly, as a reduction in office floorspace increases pressure on the remaining space. The London Councils briefing (2015) supports these claims further arguing that the loss of employment space results in the loss of local jobs and of the economic vitality of the areas where spaces are being converted. According to this report, across London 39% of all office to residential prior approvals for which information on occupation was available were fully occupied spaces¹⁶.

3.7 Total London employment projections by the Greater London Authority estimate that employment in London will grow by an annual average rate of 0.78 per cent, equivalent to 49,000 jobs per annum, to reach 6.907 million in 2041. The same projection estimates that employment in the ‘Professional, Real Estate, Scientific and technical activities’ sector will rise more than that in any of the other largest sectors in London necessitating the need for office floorspace across London¹⁷.

3.8 **Housing Quality and Amenity Impacts**

3.9 New housing development should provide homes that are high quality and well designed. These ambitions are currently in jeopardy according to the RTPI (2019), because of national policies that enable developers to avoid making such vital contributions. One of the most significant of these is permitted development rights allowing offices to convert to residential homes without the need for planning permission¹⁸.

3.10 In the last three years, seven per cent of new homes have been provided in this way. Unfortunately, because they are exempt from the full local planning process, they come forward with minimal scrutiny and outside of full local authority control.

¹⁵ Ibid

¹⁶ <https://www.rics.org/uk/news-insight/research/research-reports/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england/>

¹⁷ <https://www.london.gov.uk/business-and-economy-publications/london-labour-market-projections-2017>

¹⁸ <https://www.rtpi.org.uk/briefing-room/news-releases/2019/january/rtpi-signs-open-letter-on-permitted-development-rights/>

- 3.11 Various reports have raised significant concerns about the quality of many new homes being delivered today. According to the Raynsford Review of Planning commissioned by the Town and Country planning Association, the last 12 months have seen growing confirmation of these outcomes both in the formal analysis of permitted development and in individual decisions¹⁹.
- 3.12 The evidence of the negative impact of the extension of permitted development for the conversion of office, commercial and industrial units to housing is now overwhelming, according to the review. Some people continue to argue that the provision of housing units, however sub-standard, is better than no homes at all for those in greatest need. This is not an argument that bears close scrutiny. Housing some of the most vulnerable people in our society in substandard conditions and unsuitable locations damages their health and life chances. Permitted development also directly undermines the provision of housing for those most in need as it excludes any possibility of Section 106 affordable housing from the developer.
- 3.13 The Ransford Review of Planning (2019) also states that the 'worst examples of these places are unfit for human occupation when they are completed. It is right and proportionate, therefore, to conclude that government policy has led directly to the creation of slum housing. Such slums will require immense public investment, either to refurbish them to a proper standard or to demolish them. Morally, economically and environmentally it is a failed policy. In any event, there are real alternatives to using permitted development rights to meet housing need, such as building council houses in well planned communities or refurbishing redundant commercial buildings in appropriate locations to a high standard'²⁰.
- 3.14 London Councils (2015) supports the need for a significant increase in housing supply in the capital, but argues that this should not be achieved at the cost of producing poor-quality residential accommodation. As residential conversions are no longer required to be plan-compliant, many unsustainable and poor-quality schemes have been brought forward, with Councils having no power to ensure they meet basic standards such as minimum space and adequate light and ventilation²¹. The minimum size for a one bed one person flat under the nationally described minimum space standards is 37 sqm²².
- 3.15 In an open letter to the Secretary of State signed by 15 other organisations including Shelter, the Royal Town Planning Institute (2019) said housing quality is being jeopardised by this Permitted Development Right and called on the government to focus on delivering homes through the local planning process²³.

¹⁹ <https://www.tcpa.org.uk/the-raynsford-review-of-planning-one-year-on>

²⁰ <https://www.tcpa.org.uk/the-raynsford-review-of-planning-one-year-on>

²¹ <https://www.londoncouncils.gov.uk/our-key-themes/housing-and-planning/permitted-development-rights/impact-permitted-development-rights>

²² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524531/160519_Nationally_Described_Space_Standard_Final_Web_version.pdf

²³ <https://www.rtpi.org.uk/briefing-room/news-releases/2019/january/rtpi-signs-open-letter-on-permitted-development-rights/>

- 3.16 A report by the Royal Institute of Chartered Surveyors (RICS) in May 2018 also concluded that permitted development residential quality was significantly worse than schemes which required planning permission²⁴. According to RICS, the most dramatic impact of permitted development has been on residential quality. There are some examples of extremely high-quality conversions delivered through permitted development, but also some examples of shockingly poor housing. Office to residential conversions are much less likely to have amenity space and are much smaller: across the case studies (where it was possible to tell), 94% of units that came through planning permission met national space standards compared to just 30% of prior approval units. They also provide fewer family units: the permitted development schemes analysed were 77% studios or one bed units compared to just 37% of the planning permission units. Permitted development conversions cater to a very narrow segment of the residential market and delivers few genuine ‘homes’.
- 3.17 The House of Commons Committee of Public Accounts report (2018) also raised concerns about the poor quality of office to residential conversions. It criticises the Ministry of Housing, Communities and Local Government (the Department) for not having a specific program to address concerns about the quality of new builds while stressing the critical importance that quality is good enough. The Department has however agreed that there are issues relating to inadequate space standards and build quality. The report (2018) also mentions that the Department has now stated that it has committed to a review of office to residential permitted development rights. This review will look at the quality of those homes and what should be built²⁵.
- 3.18 **Affordable Housing and Infrastructure Contributions**
- 3.19 New housing development should provide homes that are served by the necessary community infrastructure. However, this ambition is currently in jeopardy because permitted development rights allow offices to be converted into residential homes without the need for planning permission.
- 3.20 These homes are also delivered without making any contribution towards affordable housing, which other forms of developments are required to do. Separate research by both the LGA and Shelter has shown the scale of this loss, suggests the RTPI (2019)²⁶. Both organisations have calculated that more than 10,000 affordable homes have potentially been lost in the last three years in England alone. The result of this is that thousands of families remain in temporary accommodation and on council house waiting lists for years, despite levels of housebuilding rising.
- 3.21 A report by the Royal Institute of Chartered Surveyors (RICS) in May 2018 concluded that permitted development residential quality was significantly worse than schemes

²⁴ <https://www.rics.org/uk/news-insight/research/research-reports/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england/>

²⁵ <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2017/inquiry21/>

²⁶ <https://www.rtpi.org.uk/briefing-room/news-releases/2019/january/rtpi-signs-open-letter-on-permitted-development-rights/>

which required planning permission. It highlighted the fact that there is a negative impact on local infrastructure due to their unplanned nature and the fact that developer contributions towards new infrastructure to support new development, and thus the amenity of new and existing populations are avoided. Cautious estimates show that between May 2013 and May 2015 there has been a loss of affordable housing contributions of over £50 million in inner London (where in lieu payments are most common) and of 3,000 units in outer London (where unit provision is most common)²⁷.

3.22 A London Councils (2015) report states that a number of large office buildings have been approved for conversion through the policy which, had they gone through the planning process, would have been a significant source of either new affordable housing or contributions towards offsite provision. Figures collated by London boroughs indicate that prior approval has been granted for the conversion of offices for at least 7,000 new dwellings in schemes of 10 units or more. Had this number of homes been approved through the planning system, they would typically be expected to support the delivery of as many as 1,000 new affordable homes, or equivalent Section 106 developer contributions on other sites²⁸.

3.23 According to the Local Government Association (2020), more than 13,540 affordable homes have been lost over the past four years as a result of developers using permitted development rights to sidestep planning permission for office to residential conversions nationwide²⁹. Research carried out by the Royal Institution of Chartered Surveyors two years ago found that 70 per cent of the new homes delivered through the permitted development rights regime do not meet minimum space standards, and around 90 per cent lacked access to open space.

3.24 **Public Opinion**

3.25 The main findings from the Local Government Association's Permitted Development Order Survey (2018)³⁰ are as follows:

3.26 **Effects of Permitted Development Orders:**

- 50% of respondent authorities agreed that permitted development orders changes had resulted in the loss or relocation of businesses as offices were converted to housing;
- 69% thought that changes to the permitted development orders had reduced the availability of office space, 35% likewise agricultural buildings, 25% storage/distribution space, and 20% retail space;

²⁷ <https://www.rics.org/uk/news-insight/research/research-reports/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england/>

²⁸ <https://www.londoncouncils.gov.uk/our-key-themes/housing-and-planning/permitted-development-rights/impact-permitted-development-rights>

²⁹ <https://www.planningresource.co.uk/article/1670443/13500-affordable-homes-lost-due-pd-office-conversions-says-lga>

³⁰ <https://local.gov.uk/permitted-development-order-survey-2018>

- 65% reported that contributions to affordable housing through section 106 agreements had reduced, and 66% that contributions for other infrastructure through section 106 agreements had reduced;

3.27 Concerns about Permitted Development Orders:

- 92% were moderately or very concerned about the quality/design of housing resulting from permitted development orders;
- 89% were moderately or very concerned about the appropriateness of the location of housing resulting from permitted development orders;

3.28 Article 4 Directions:

- 37% of respondent authorities had introduced an Article 4 Direction since 2013;
- 41% of those which hadn't had not done it due to a lack of resources to put in place, and 27% because permitted development rights had not had a detrimental effect on the local area;
- 50% agreed that the Secretary of State should not have powers to cancel or modify an Article 4 Direction;
- 31% disagreed that the cost of putting in place an Article 4 Direction was reasonable;
- 64% agreed that compensation rules restricted the ability of councils to use Article 4 Directions to immediately address the effects of permitted development rights;

3.29 Permitted Development Order Elements:

- 97% thought that those elements of the permitted development orders which allowed change of use to residential should be changed; 45% thought that they should be abolished; 22% thought that councils should be able to opt in to designate permitted development rights areas combined with required contributions for affordable housing and infrastructure.

For further information please contact

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