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| Committee(s): | Date(s): |
| Planning & Transportation | 15 Dec 2015 |
| Subject: Update on Office to Residential Permitted Development Rights and City of London Exemption | Public |
| Report of: Director of the Built Environment | For Information |

Summary

In May 2013 the City of London was granted an exemption from the national permitted development right for the change of use from offices to residential in recognition of its role as a nationally significant area of economic activity. This national permitted development right was introduced for a temporary 3 year period, ending May 2016.

In October 2015, the Government announced its intention to make this national permitted development right permanent. Those areas, including the City of London and London's Central Activities Zone, which currently have an exemption from this right, will have their exemptions extended for a period of 3 years until May 2019. This extension of time will allow for currently exempted areas to put in place an article 4 direction to permanently remove the national permitted development right from their local area.

The Government is also proposing to extend the scope of the existing permitted development right to include the demolition of offices and their replacement with residential development, and to allow for the change of use of light industrial units and launderettes to residential, subject only to a prior approval regime.

Further information is promised from Government on the detail of these changes and how they will be implemented. Once this information is available a further report will be brought back to this Committee.

Recommendation

Members are recommended to note the proposed changes to national permitted development rights outlined in this report and the need for the City Corporation to seek a local article 4 direction applicable in the City to remove the national permitted development right by May 2019.

Main Report

Background

1. In May 2013, the Government introduced a temporary permitted development right allowing the change of use from offices to residential without the need for planning permission. This national permitted development right was intended to apply between May 2013 and May 2016. The City Corporation applied for, and was granted, a local exemption from this permitted development right, on

the grounds that the City was a 'nationally significant area of economic activity'. The Mayor of London had supported the applications of the City and other central boroughs and as a result a local exemption was granted to the whole of London's Central Activities Zone plus Canary Wharf.

2. Since May 2013, areas of London without the benefit of an exemption have seen a significant loss of office accommodation. Research published by London Councils in August 2015 shows that across London, 834,000m² of office floorspace has been given prior approval for a change of use, at least 100,000m² of which is occupied office space that will cause the loss or relocation of existing jobs. The London-wide loss of office floorspace approved so far is equivalent to more than 8 'Cheesegrater' towers (122 Leadenhall Building).

Current Position

3. On 13 October 2015, the Housing and Planning Minister announced the Government's intention to introduce new measures to make it easier to turn underused office buildings into new homes. The proposed new measures are:
 - a. The current temporary permitted development right for the change of use of offices to residential, which was due to expire on 30 May 2016, will be made permanent. Developers who already have permission under the current temporary right will also be given a further 3 years in which to complete their change of use.
 - b. Future permitted development rights will be extended to allow both the change of use of existing office buildings to residential and the demolition of office buildings and replacement with residential. This right will be subject to limitations and prior approval by the local planning authority. The Government will provide further details on these proposals at a later date.
 - c. Additional permitted development rights will be introduced to allow for the change of use of light industrial buildings and launderettes to new homes. These rights will also be subject to prior approval from the local planning authority, with details to be published by Government at a later date.
4. Those areas which currently have an exemption from office to residential permitted development rights, including the City of London and the wider Central Activities Zone, will have this local exemption extended for a period of 3 years, until May 2019. This is to allow time for these areas to make article 4 directions to remove the national permitted development right and retain local control over the determination of planning applications for the change of use.

Article 4 Direction

5. An article 4 direction is made under the General Permitted Development Order (GPDO) and enables a local planning authority to withdraw specified permitted development rights across a defined area. The direction does not prevent the development to which it is applied, but instead requires that a planning permission is obtained from the local planning authority for that development. Where a local planning authority seeks to implement an article

4 direction there is a requirement for public consultation and notification to the Secretary of State.

6. Article 4 directions can be either:
 - a. Immediate directions, where permitted development rights are withdrawn with immediate effect;
 - b. Non-immediate directions, where permitted development rights are withdrawn only upon confirmation of the direction following public consultation.
7. Regulations allow developers to claim compensation from the local planning authority for the loss of the permitted development right if a permission is refused for a development which would otherwise have been permitted, or if permission is granted subject to more limiting conditions than required by the GPDO. Compensation is payable for 12 months following the effective date of the direction. Where 12 months prior notice is given of the withdrawal of a permitted development right (by the issue of a non-immediate direction) there is no ability to claim compensation. Once a direction has been made by a local planning authority, the authority must bring it into effect within 2 years.
8. Following confirmation of an article 4 direction, no planning application fee is payable for any application for planning permission which is required due to the removal of permitted development rights.

Impact of proposed changes for the City of London

9. Although the Minister has announced the Government's proposed changes, the detail of when and how the changes will be implemented has yet to be published. Assuming the proposed changes are implemented as currently set out, there will be a number of implications for the City.
10. The City's current exemption from national permitted development rights for the change of use of offices to residential will be extended for a period of 3 years. There should be no impact on the City as a result of this extension as development proposals for changes of use will continue to require planning approval from the City Corporation.
11. The City's exemption would lapse from May 2019. To ensure that the City Corporation retains planning control over the change of use from office to residential, the City Corporation will need to implement an article 4 direction removing future permitted development rights. The compensation provisions attached to the article 4 process and the time limitations on bringing it into effect mean that this article 4 direction would need to be made by May 2018 at the latest, to have effect from May 2019. A further report will be brought back to this Committee once the Government has published further detail on when and how its proposals will be implemented.
12. No further details have been published on the Government's proposal to extend the national permitted development right to the demolition of offices and replacement with residential. It is assumed that the City's current exemption would extend to this new permitted development right and therefore that there would be no direct impact on the City of London.

13. The Government's proposal to extend permitted development rights to the change of use of light industrial units and launderettes to residential should have minimal impact on the City due to the small number of such uses within the City of London. Once the detail of the proposal has been published, a full assessment of any implications can be made and brought back to this Committee for consideration if necessary.

Corporate & Strategic Implications

14. The proposed extension of the City's current local exemption from the national permitted development right for the change of use of offices to residential would help maintain the City's role as a strategically important, globally orientated financial and business centre. This accords with the Vision and Strategic Aims of the Corporate Plan 2015-19, which seeks to support and promote the City as a world leader in international finance and business services, and the City of London Local Plan, policies CS1 and DM1.1 which seek to resist the loss of suitable and viable office floorspace.

Conclusion

15. The City of London currently has a local exemption from the national permitted development right for the change of use of offices to residential on the grounds that it is a nationally significant area of economic activity. The Government has announced its intention to make this national permitted development right permanent and to extend its provisions to include the demolition of offices and their replacement by residential development.
16. Those areas, including the City of London and London's Central Activities Zone, which are currently exempt from the national permitted development right, will have their local exemptions extended for a period of 3 years until May 2019. This extension of time will allow for currently exempted areas to put in place article 4 directions to permanently remove the national permitted development right.
17. The Government is also proposing to allow for the change of use of light industrial units and launderettes to residential, subject only to a prior approval regime.
18. Further information is promised from Government on the detail of these proposals. This further detail should enable a full assessment to be made of the implications for the City of London and a further report will be brought to a future meeting of this Committee.

Background Papers:

Statement from Brandon Lewis, Housing and Planning Minister, 13 October 2013:
<https://www.gov.uk/government/news/thousands-more-homes-to-be-developed-in-planning-shake-up>

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