

Rt Hon Eric Pickles MP  
Secretary of State  
Department of Communities and Local Government  
Eland House  
Bressenden Place  
London  
SW1E 5DU

Date: 26 September 2014

Dear Eric Pickles,

## Technical Consultation on Planning

I am writing to you as the Planning Spokesperson for the London Assembly Labour Group to comment on the Government's technical consultation on planning.

We are deeply concerned that the proposed permitted development rights threaten to harm London's economic recovery. Moreover, the proposals would damage the integrity of the mixed-use nature of its neighbourhoods, whilst resulting in sub-standard residential units, as Local Planning Authorities will have no control either over the size and mix of dwellings, nor over provision of infrastructure or standards. We are also concerned that restricting the GLA's right to set maximum parking standards would deprive London of a strategic tool needed to ensure sustainable development<sup>1</sup>.

### Permitted development – the 'three-tier system'

We welcome the Government's commitment to delivering a "proportionate and fair planning system that boosts growth and reflects the changing nature of our economy and society"<sup>2</sup> but the "three-tier system" outlined in the consultation is not the right approach. The three-tier system takes too many decisions out of the hands of Local Planning Authorities.

We preface our criticism by saying there is a place for permitted development rights. They are an established part of the planning system, allowing certain building works and changes of use to be carried out without the need for planning permission. They are essential for ensuring that planning decision-making departments are not clogged up with applications for minor works and changes which will not substantially alter the built environment and provision of uses.

The consultation, however, suggests a wholesale expansion of permitted development rights. Under this "three-tier system", many proposals which previously required planning permission would be addressed by "permitted development rights with prior approval", limiting Local Planning Authorities consideration to a purview of specified issues such as visual amenity, highways and transport, traffic management, noise levels and flooding risks, and automatically granting permission if the local planning authority has not responded in 56 days.

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<sup>1</sup> Within London, local authorities set their parking standards within the context of the maximum car parking standards identified in London Plan Table 6.2.

<sup>2</sup> DCLG. Technical consultation. 2.42.

### *Contrary to spirit of Localism*

We believe local people, including via their Local Planning Authorities, should have a right to be involved in decisions about what goes on in their local area. The approach takes decisions on substantial developments out of the hands of Local Planning Authorities. We believe that permitted development allowing the conversion of employment and other spaces undermines one of the core principles of planning identified in NPPF paragraph 17: to “proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs.” Additionally, preventing local people, via their councillors, from exercising discretion over works and use changes that will affect their lives does not adhere to the spirit of Localism.

### *Consequences of permitted development*

Aside from the implications for Localism, over-reliance on permitted development results in a number of practical problems. The range of section 106 obligations and CIL payments applicable to planning applications will not be accessible under permitted development, depriving local communities of protection from poor development and social contribution from good development.

We are alarmed that the conversion of properties under permitted development nearly always fails to provide any affordable homes. A recent survey by the Local Government Association of planning authorities regarding the existing temporary office to residential permitted development rights found that, in London alone, the number of affordable homes that would have been built if the applications had gone through the regular planning process is 2,116 – and this figure is only for 11 London boroughs which responded to that.<sup>3</sup>

These converted properties are often of a sub-standard quality, because environmental health, space standards, bedroom allocations, and other issues which are usually addressed through the planning process are not considered.

Additionally, fees for permitted development is lower than for planning applications, threatening already squeezed local authority budgets with a loss of revenue. The LGA survey, for instance, found that over 80% of respondents said the cost to local authorities in administering the prior approvals was considerably higher than the £80 fee set by central government<sup>4</sup>. Unless Local Planning Authorities are given the flexibility to set their own fees for prior approval applications, this policy amounts to an unfunded mandate.

Finally, taking decisions away from the Local Planning Authority removes all control over the housing mix in terms of the size of rooms and the provision of affordable units, limits control over open space standards and could lead to sub-standard housing developments in unsuitable surroundings.

It is widely recognised that London is in the midst of a housing crisis. However, permitted development rights are not the answer. Excess capacity of office and industrial land must be addressed through a targeted programme of managed decline. These plans are a veritable free-for-all in which local authorities will have no control over what office employment and what areas lose it, nor over the type, quality, or affordability of the housing that results. We must not

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<sup>3</sup> Local Government Association. “General Permitted Development Order Survey: National Results.” September 2014.

<sup>4</sup> Ibid.

allow London's economy to be undermined in a rush to provide housing that threatens the strong economy upon which that housing demand is predicated.

### **Office to residential (Questions 2.5 and 2.6)**

We are deeply worried by the proposed permitted development right to allow conversion of B1(a) office to C3 residential. This would make permanent the existing permitted development rights introduced as a temporary measure.

In response to question 2.5, we do not agree that there should be a permitted development right from May 2016 to allow change of use from offices to residential. In fact, **we suggest that the existing permitted development rights be allowed to expire on 30 May 2016.**

#### *Blunt tool*

We acknowledge that London has excess office capacity and that, where genuinely redundant, conversion offers a potential source of housing. The planning system already allows for surplus office space to be redeveloped as housing. This is outlined in NPPF paragraph 51, which states that Local Planning Authorities "should normally approve planning applications for change to residential use and any associated development from commercial buildings (currently in the B use classes) where there is an identified need for additional housing in that area, provided that there are not strong economic reasons why such development would be inappropriate." This approach is reflected in London Plan Policies 4.2, 4.3, 2.11, and 2.7, and relevant supplementary planning guidance, which constitute a mechanism to encourage and manage the release of redundant office space. The approach has been fruitful, yielding around 4,000 units per annum<sup>5</sup> even before the introduction of the permitted development rights.

In contrast to the planned approach exemplified by the London Plan, permitted development rights are a blunt tool. The failure of the proposed prior approval process to differentiate between occupied and unoccupied office space raises concerns that developers will target those prime offices in attractive locations. This is because the same attributes which make office space attractive, such as transport accessibility and local amenities, are exactly also attractive for residential use. Thus it is not the under-utilised office space that is converted, but rather that which is mostly likely to continue supporting employment in the capital. According to figures on prior approval applications under the existing permitted development right which were compiled for the London Development Database, for example, of the 483 responses which provided details on occupancy, 208 were fully occupied and a further 96 were only part vacant, while just 179 were fully vacant<sup>6</sup>.

#### *Threat to London's economy*

This proposal represents a serious threat to the UK's economic recovery.

Land values for residential use are higher than for office space. In the capital's unique property market, it is around twice as high across London and in some areas many times this. In light of this differential, the introduction of permitted development rights places enormous "hope value" on properties. Even if property owners do not convert, the option means they have an

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<sup>5</sup> Ramidus Consulting et al. London Office Policy Review 2012. GLA, 2012.

<sup>6</sup> London Development Database. Reporting up to 14 August 2014. <http://www.london.gov.uk/webmaps/idd/>.

incentive to raise rents on their commercial tenants, as the value of their property has risen due to its potential to be converted to the higher value use.

The consequences could be disastrous for London's economy. For example, the central London office market comprises about 18 million square metres of space at the moment, about 64% of the London total. According to GLA-commissioned estimates from Jones Lang LaSalle, around 4 million square metres of office space might be at risk as a result of the proposed permitted development rights. That amounts to approximately 23% of the central London stock which could accommodate 270,000 to 340,000 jobs.

The economic impact is already evident in the consequences from the existing permitted development right. RICS UK Commercial Market Survey for Q2 2014 showed that the nationwide availability of commercial property declined at its fastest rate since in the history of that data series<sup>7</sup>. The survey blamed number of transactions of commercial properties being sold under the PD rights, and respondents said the problem is most acute in London and the south east.

A recent survey of local authorities conducted by the Local Government Association also highlighted the negative impacts of the permitted development right, particularly on the economy<sup>8</sup>. Most worryingly, the survey found that vacant offices are being passed over and in fact occupied offices are being converted in London. The majority of London boroughs which responded said that 50-74% of prior approval applications involved fully- or part-occupied commercial space, and one borough said at least 75% of applications did. This reflects the figures cited above from the London Development Database. Additionally, the LGA survey found that majority of London borough respondents tend to disagree/strong disagree that the permitted development rights have brought vacant office premises back into use.

Anecdotal accounts abound of small businesses being forced out of occupied premises because the building owner wants to take advantage of the permitted development right. At Premier House in Edgware, for example, 120 businesses and organisations such as travel agents and software developers were given as little as six weeks to vacate the premises<sup>9</sup>.

### *Exemptions*

We note with concern the consultation suggestion regarding the B1(a) to C3 rights, that "the exemptions which apply to the current permitted development right will not be extended to apply to the new permitted development right"<sup>10</sup>.

This is of particular concern to London, as exemptions currently apply within eleven London boroughs and the City of London<sup>11</sup>. These exemptions were only granted following a strict process during which they demonstrated that the introduction of the permitted development right would result in the loss of a nationally significant area of economic activity or substantial

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<sup>7</sup> RICS. "Offices converted into homes drive up commercial shortages." 29 July 2014: <http://www.rics.org/uk/knowledge/news-insight/news/offices-converted-into-residential-drives-up-commercial-shortages/>.

<sup>8</sup> Local Government Association. "General Permitted Development Order Survey: National Results." September 2014.

<sup>9</sup> Jonathan Moules. "Converting offices to homes threatens London enterprises." *Financial Times*. 8 August 2014: <http://www.ft.com/cms/s/0/1f1c595c-1e15-11e4-ab52-00144feabdc0.html#axzz3D0kcVQs0>.

<sup>10</sup> DCLG. Technical consultation. 2.42.

<sup>11</sup> DCLG. "Areas exempt from office to residential change of use permitted development right 2013." 9 May 2013: <https://www.gov.uk/government/publications/areas-exempt-from-office-to-residential-change-of-use-permitted-development-right-2013>.

adverse economic consequences at the local authority level which are not offset by the positive benefits the new rights would bring<sup>12</sup>. Each Local Planning Authority which had an area exempt was successful only because they provided robust and substantiated evidence to make the case for an exemption. It is unlikely that, less than two years since the exemptions were granted, these cases are no longer valid. In fact, removing the exemptions despite the strong evidence base would indicate that DCLG is content to allow the loss of a nationally significant area of economic activity or substantial adverse economic consequences at the local authority level.

If exemptions are not maintained for London boroughs and the City of London, there will likely be substantial harm to the UK economy. One area currently exempt, for example, is the Central Activities Zone, which covers London's geographic, economic and administrative core and includes the City of London, South Bank and the West End. More than a third of London's jobs are within this area, and a further 280,000 jobs are expected to be created here in the next 25 years<sup>13</sup>. Notably, the CAZ, as well as Canary Wharf and the Royal Docks, is the focus on the UK's finance and business services industries. The vast majority of this economic productivity of national significance occurs in offices within the B1(a) use class. The loss of these spaces would mean the loss of jobs, putting London's role as the engine of the UK economy at risk.

Other nationally significant areas of economic activity would also be threatened by the removal of the exemptions. Tech City has fuelled a 16.6 % expansion of London's digital economy since 2009, with 582,000 people in the capital now employed in the sector, according to the 2013 Tech City Annual Report<sup>14</sup>. The Government welcomed this news with a series of announcements designed to boost the digital and technology sector<sup>15</sup>, and Prime Minister David Cameron remarked "Tech City serves not only as an example of how a city can be transformed into an engine for growth and innovation"<sup>16</sup>. Yet within the Tech City area, flats are valued at eight times that of offices. Unleashing hope value on all of these properties puts at risk not just the 3,200 firms and over 48,000 jobs<sup>17</sup> in the inner east London area, but also the huge potential Tech City holds for developing a strong tech industry within the UK.

**We suggest that, should the permitted development rights be made permanent, the exemptions which apply to the current permitted development right should be extended to apply to the new permitted development right. The exemptions process should also remain open in order to allow Local Planning Authorities to submit new evidence of the need for exemptions, especially as the UK economy continues to evolve in the wake of the recession.**

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<sup>12</sup> DCLG. Letter to Chief Planning Officers. 24 January 2014.

<sup>13</sup> Mayor of London. "Mayor calls for planning exemption to protect London's key business districts" press release. 22 February 2013: <https://www.london.gov.uk/media/mayor-press-releases/2013/02/mayor-calls-for-planning-exemption-to-protect-london-s-key>.

<sup>14</sup> Tech City Annual Report. 6 December 2013: <https://www.dropbox.com/s/6owm03n3iz9y5c4/2013%20Tech%20City%20Report.pdf>.

<sup>15</sup> Cabinet Office. "Tech City celebrates third anniversary as new figures show economic success story." 6 December 2013: <https://www.gov.uk/government/news/tech-city-celebrates-third-anniversary-as-new-figures-show-economic-success-story>.

<sup>16</sup> Hunter Ruthven. "David Cameron heralds growth of London's Tech City on three-year anniversary". Growthbusiness.co.uk. 6 December 2013: <http://www.growthbusiness.co.uk/news-and-market-deals/business-news/2443992/david-cameron-heralds-growth-of-londonand39s-tech-city-on-threeyear-anniversary.html>.

<sup>17</sup> Rob Whitehead et. al. "A Tale of Tech City: The future of inner east London's digital economy." Centre for London. 29 June 2012: p. 15.

## *Prior Approval Process*

We welcome the suggestion that prior approval will now consider the potential impact of the significant loss of the most strategically important office accommodation.

The prior approval process should ensure that the Government's intentions for this policy are reflected in its implementation. We note that the consultation states "the aim of this proposal is to allow developers to continue making use of underused offices to create much needed new homes"<sup>18</sup>. However, it is clear from those prior approvals submitted under the existing permitted development right that the majority of offices converted are occupied or part occupied. Without a distinction between occupied and unoccupied space in the prior approval process, prime office sites are being converted, whilst redundant office sites remain sitting vacant. **We therefore suggest that the prior approval process should prohibit conversion of any office location which is or has been occupied within the preceding six months, with those left unoccupied for six months being required to demonstrate their continuing unviability for use as an office before the permitted development can be exercised.**

## **Light industrial and warehouses to residential (Question 2.1)**

We also object to the proposed permitted development right to allow conversion of B1(c) light industrial and B8 storage and distribution to C3 residential.

Forfeiting our industrial land will lock London into a post-industrial state too heavily dependent on financial and business services. This leaves the capital in a weaker position to respond to the dynamics of the global economy.

If London is to develop an industrial base, such as in the secondary materials economy or clean-tech and digital industries, it must provide the land for these types of firms to emerge. Industrial land is already important for a variety of existing sectors. Additionally, industrial land is essential for provision of infrastructure which can be located in residential areas such as data centres. The B1(c) use class order protects everything from car repair garages to small furniture makers.

Warehousing and storage are also crucial for London's economy. Factors such as London's growing population and the continuing popularity of online shopping mean that the need for logistics facilities close to population centres will be increasingly important for the functioning of basic retail activity<sup>19</sup>.

The proposed permitted development right would threaten the emergence of the viability of existing ones. Industrial uses some of the lowest land values, and many firms in these sectors are reliant on those levels to operate. The introduction of a permitted development right would raise the hope value on industrial land. Even if property owners do not convert, the option means they have an incentive to raise rents on their industrial tenants, as the value of their property has risen due to its potential to be converted to the higher value use. Whether they

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<sup>18</sup> DCLG. Technical consultation. 2.38.

<sup>19</sup> At the July 2014 meeting of the London Assembly Planning Committee, SEGRO Regional Director Mike Cummings argued that the Park Royal industrial estate has been successful in logistics because it is only 15-20 minutes from the West End. This has allowed it to blossom to accommodating a third of London's food production, most of which is housed in warehousing (London Assembly Planning Committee. Meeting Transcript. July 2014: <http://www.london.gov.uk/moderngov/documents/b10721/Minutes%20-%20Transcript%20-%20Appendix%201%20Tuesday%2001-Jul-2014%2010.00%20Planning%20Committee.pdf?T=9>, p. 34.

are sold or not, permitted development rights would change overnight the value of the asset class for the land use underpinning London's economy.

Where genuinely surplus industrial land capacity exists, the London Plan already contains a mechanism that allows for its conversion to housing and supporting uses, such as community infrastructure. London Plan Policy 2.17 and the Land for Industry and Transport Supplementary Planning Guidance outlines how much industrial land can be released without adverse impacts on the economy, the most effective processes for doing this, and the most appropriate places where it should take place<sup>20</sup>. This strategic approach has yielded release of about 87 hectares of industrial land per annum<sup>21</sup>. Most importantly, this is industrial land which has been reviewed to ensure that its loss will not damage London's industrial sectors.

By contrast, permitted development would allow for the loss of any light industrial and warehousing use, regardless of the economic consequences. The failure of the proposed prior approval process to differentiate between occupied and unoccupied industrial facilities raises concerns that those sites which are best poised to support London's industrial sectors will be lost to residential development. There is also concern that the exercise of permitted development would threaten remaining industrial space where there is conversion within or on the periphery of an industrial location. For example, if a unit on an industrial estate is converted into residential, the resident could then object to noise or smells emanating from the remaining industrial uses, thereby threatening their operations.

**We suggest that the General Permitted Development Order is not altered to create permitted development rights to convert B1(c) light industrial and B8 storage and distribution to C3 residential.**

### **Sui generis ("of its own kind") to residential (Question 2.11)**

We also object to the proposed permitted development rights to allow conversion of sui generis uses, namely launderettes, amusement arcades/centres, casinos and nightclubs, to C3 residential.

Laudrettes offer an important service for some vulnerable communities across London, particularly in areas with high levels of bed-sits, yet changes to the market has left far fewer to serve this population. The creation of the permitted development right would force many existing launderettes out of business, either due to conversion of the property to residential or by being driven out of the premises after rents due to the high hope value. In many parts of London, people would lose access within their community to a service which meets an essential need.

This contrasts with the NPPF's emphasis on promoting healthy communities. In particular, NPPF paragraph 70 notes that "to deliver the social, recreational and cultural facilities and **services the community needs**... plan positively for the provision and use of shared space, community facilities (such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship) and **other local services** to enhance the sustainability of communities and residential environments." It also requires an "integrated approach to considering the location of housing, economic uses and community facilities and services."

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<sup>20</sup> GLA. Land for Industry and Transport SPG. September 2012: p. 5.

<sup>21</sup> Ibid, p. 32.

## **Betting and Pay Day Loans (Questions 2.8, 2.9 and 2.10)**

We welcome the changes proposed to the A use classes, with the effect that there will be no permitted development right to allow conversion to a betting shop or a pay day loan shop.

There has been a proliferation of betting shops in recent years (up from 8,822 to 9,128 in just the two years 2010-2012<sup>22</sup>, and Geofutures mapping in December 2013 found 9,343 active betting shop premise licences<sup>23</sup>). The growth is fuelled by the growing popularity of Fixed Odds Betting Terminals (FOBTs). FOBTs have turned bookies into virtual casinos where these computer games can take £100 bets every 20 seconds. The poorest communities are worst affected; a report by the Campaign for Fairer Gambling in March 2014 found that more than £13bn was gambled on FOBTs by the poorest quarter of England's population – double the amount staked in the richest areas. A YouGov poll in April 2014 found that 70% of respondents wanted restrictions to be imposed on bookies' roulette machines<sup>24</sup>.

This is a planning issue. Because the Gambling Act prevents any one shop from having more than four FOBTs, operators open another shop next door or nearby. Many councils are desperate to address the situation, but the current use class order allows a vast array of uses to be converted into betting shops without the need for planning permission.

We therefore welcome the removal of all uses besides betting shops and pay day loans from A2, and the removal of permitted development rights allowing conversion to these remaining A2 uses. This means that local authorities will be able to implement a granulated approach, based on local circumstances, to betting shops in their area.

We also welcome the inclusion of pay day loan shops into the amended A2 use class. Pay day loans are an abhorrent option used by people in desperate financial circumstances. For example, 22% of payday loan clients have council tax arrears compared with 13% of all other clients, and 14% of them are behind on rent compared to 9% of all other clients<sup>25</sup>. Many become entrapped in a circle of debt, taking out pay day loans in order to pay off other pay day loans. With some pay day loan companies charging up to 7,000% interest<sup>26</sup>, it is clear this is an exploitative industry that is wreaking havoc in the lives of vulnerable people.

We suggest that the new A2 use class also contain pawnbrokers. Although a more established form of financing, pawnbrokers utilise many of the exploitative trademarks found in the pay day loan industry, including high interest rates.

## **Maximum car parking standards (Question 2.16)**

We support the ability for the GLA to set maximum car parking standards, which offer a strategic framework within which local authorities have the flexibility to maintain their own standards.

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<sup>22</sup> Gambling Commission. Industry Statistics April 2008 to March 2013.

<sup>23</sup> Ramesh, R (2014), "England's poorest bet £13bn on gambling machines". *The Guardian*, 28 February 2014.

<sup>24</sup> YouGov. [YouGov / Campaign for Fairer Gambling Survey results](#). April 2014.

<sup>25</sup> Stella Creasy. "What kind of a recovery is this when so many people are crippled by debt?". *The Observer*. 06 October 2013: <http://www.theguardian.com/commentisfree/2013/oct/06/stella-creasy-on-toxicity-payday-lending>.

<sup>26</sup> The Bureau of Investigative Journalism. "High Cost Credit." 05 September 2013: <http://www.thebureauinvestigates.com/2013/09/05/payday-loans-companies-charging-up-to-7000-experience-huge-growth/>.



In London, the ability to set strategic maximum car parking standards has been a key tool in the Mayor's requirement to achieve sustainable development, as required by the GLA Act. There is intense competition for land within London, and using it for surface car parking is not a productive approach. More parking means less land, which means less land for housing and other uses. The result is increased house prices, urban sprawl, congestion, less friendly and safe environments, and pollution.

Local authorities should maintain the discretion to set standards that are right for them, based on their local geographic circumstances. Taking away that right is not in the spirit of Localism. In London, this means maintaining the GLA's ability to establish a strategic framework within the London Plan.

**We believe that London's ability to set maximum car parking standards should not be restricted.**

Thank you for your opportunity to comment on these issues. I would be very happy to meet to discuss these issues further.

Your sincerely

Nicky Devon AM  
Nicky Devon

