

REPORT FOR: **Planning Committee**

Date of Meeting:	20 th February 2013
Subject:	Permitted Development – Proposal to seek an exemption from proposed permitted changes from offices to residential.
Responsible Officer:	Stephen Kelly, Divisional Director, Planning
Exempt:	No
Enclosures:	None

Section 1 – Summary and Recommendations

On 24th January 2013, the government announced its intention to amend the scope of permitted development to provide for the change of use between office (Class B1 (a)) and residential (Class C3) use classes. The proposals have prompted widespread concern amongst planning authorities located in areas where there is a high demand for residential development, and where the differential between office and residential land values are significant. Whilst the full details of the proposals, which may include some form of “prior approval” process, are outstanding, the Chief Planner has written to all Local Planning Authorities outlining the government’s intention to provide for an “exemption” from the proposals. Requests for an exemption need to be submitted by 22 February 2013.

FOR DECISION

RECOMMENDATION:

That officers write to the Secretary of State to request an exemption from the government’s proposed changes to permitted development rights for the Heart of Harrow Intensification Area for the reasons set out in this report.

Section 2 – Report

The Chief Planner's letter makes it clear that exemptions to the introduction of the new permitted development rights will only be granted in exceptional circumstances where it can be demonstrated that it will lead to either; a) the loss of a nationally significant area of economic activity or b) substantial adverse economic consequences at the local authority level which are not offset by the positive benefits the new rights would bring.

This paper proposes that the Council write to the Secretary of State, to seek an exemption from the proposed permitted development provisions, for the area covered by the Harrow and Wealdstone (Heart of Harrow) area Action Plan. The reasons for seeking an exemption are set out below.

Office accommodation in Harrow.

The recently published Authority Monitoring Report (April 2011 - March 2012) indicates a decline in office floorspace in the borough from 400,601 sq.m in 2003 to 324,173 sq.m in 2012. Similarly, despite a fall in the middle of the last decade, vacancy rates have moved from 11.5% in 2003 to 14.95% in 2012. Harrow town centre accounts for some 36% of the overall office stock in the borough. Since 2006, vacancy rates have fluctuated from 9.13% (in 2007) to 30.1 % (in 2011), although they have improved to 21.5% in 2012. A quarter of all people employed in the borough (25.45%), work in Harrow Town centre.

As part of the examination of the core strategy, site specific Development Plan Document and the proposed Community Infrastructure Levy, the Council has recently undertaken assessments of development viability which have looked at land values and rental yield across the borough, and within the "heart of Harrow." This analysis demonstrates a significant difference in office and residential land values that would make the conversion of office space to residential attractive in all circumstances and locations across the borough but especially within the higher residential value areas, such as Harrow Town Centre and within the north of the borough.

Housing supply and management

Housing demand in the Borough remains strong. Whilst there are a number of stalled residential sites across Harrow, notably Bradstowe House in Harrow Town Centre, the Borough is one of only 10 in London to have exceeded its housing delivery target over the past five years. The Core Strategy and site allocations Development Plan Development's which were the subject of recent examination, have identified and allocated sufficient land to fully meet the 15 year housing target within the London Plan, without relying on the need for windfall office conversions to meet an identified shortfall. The Borough has successfully managed conversions of unsuitable second hand stock into high quality, sustainable mixed use developments where the residential component has been able to cross subsidise new, employment floorspace that contributes towards meeting employment as well as physical social and economic regeneration objectives set out in the plan. New developments proposed at Kodak and Colart in Wealdstone, and Lyon Road and Tesco Station Road store in Harrow Metropolitan Town Centre embody a constructive and creative approach to renewal that uses the opportunities provide by the significantly higher value of residential development to deliver homes and infrastructure as part of a clear, long term, strategy for the Heart of

the Borough. This strategy, clearly articulated in the up to date Harrow Core Strategy (2012), mirrors the designation of the area as an Area for Intensification within the London Plan 2011 because of its potential to contribute to London's future employment and housing needs.

Heart of Harrow as a strategic employment location

The Heart of Harrow already contributes some 57% of the office accommodation and 72% of the employment provided within the borough. The London Plan (2011) and Heart of Harrow Area Action Plan (Pre submission consultation draft) seek to utilise the excellent connectivity, and ready supply of development sites (46Ha) to deliver a significant uplift in economic, social and physical outcomes. The strategy envisages mixed use re-development on a number of allocated sites for a combination of employment (including office) development enabled by new higher quality, and higher density residential developments. The strategy has been welcomed by the development industry for providing certainty and consistency to enable investment to take place, whilst safeguarding values and the overall range of amenities, including employment, required to create a successful, sustainable metropolitan centre.

Harrow as an incubator of Small and Medium Enterprise

The Local Economic Assessment 2011/12 states that small businesses employing 0-4 employees constitute 78% of all businesses in the borough. One in five of those businesses had been established within the last two years, much higher than the national average of 15%. The majority of employment takes place within small businesses, which traditionally use secondary and lower cost employment space, such as offices. The supply of offices has grown to meet these demands, with a range of low cost, flexible tenancies.

The Annual Monitoring Report shows that vacant office space fell in the Metropolitan Town Centre by 1,180 m² creating 56 jobs. The council expects this trend to continue. It is investing, jointly with the Greater London Authority millions of pounds in public realm improvements and is starting an major inward investment initiative, funded in part by developers such as Land Securities which aims to actively market these amenities, and the opportunities provide by the borough, to new businesses and investors. The natural location for such enterprises, particularly touchdown investors from overseas, is the Heart of Harrow area, with its excellent communications to central London and the East and West Midlands, and strong "metropolitan" feel.

Given the significant stock of second grade offices within the heart of Harrow (as opposed to prime high value stock) and the private nature of its ownership, as opposed to institutional portfolio based ownership, the Council considers that there is a risk of significant quantities of this supply, being converted to residential use without planning permission. This will drive up residual office values, prompt the termination of leases and result in the loss of a wide range of Small and Medium Enterprise business. In turn, this loss of daytime activity will adversely affect the vitality and viability of the retail and associated services within the Town centre, materially undermining the objectives of the Local Plan and London Plan.

Proposal for an exemption

It is clear from the Chief Planners letter that the Secretary of State is unlikely to entertain any submission that seeks exemption from the new provisions, for the entire borough. However, officers consider that given the exceptional circumstances that exist within the Heart of Harrow Intensification Area, the Council should seek an exemption from the provisions for this defined part of the borough. Having regard to the Chief Planners letter, these exceptional circumstances are summarised below:

- The area is identified in up to date Local Plan (Core Strategy) and regional Plans (London Plan 2011) as an important employment location in London
- The Council has an up to date Planning Policy framework with significant allocated land for housing development.
- The Borough has consistently managed its land supply to exceed housing targets (and is one of only 10 boroughs in London to do so)
- There is a significant differential between office and residential land values and evidence of a declining supply of office stock across the borough.
- There is a significant quantity of occupied secondary office stock that is likely to be converted to residential use, resulted in displaced local Small and Medium Enterprise and business uses.
- The proposals undermine the delivery of development sites allocated for comprehensive mixed use development alongside associated infrastructure to secure regeneration in the Heart of the Borough.

Conclusions

The proposals to enable the conversion of offices to residential use may provide a stimulus to development in some parts of the Country. In Harrow, where the Council has sought to pro-actively manage housing and employment land supply, as part of a progressive, planned development framework, the proposals risk seriously undermining the capacity of the Council and developers to deliver the comprehensive regeneration of the area. The Borough has consistently met, and planned for housing need, and has managed with developer partners, a pipeline of sites for housing, in full accordance with the objectives of the National Planning Policy Framework. The emerging focus on Small and Medium Enterprise, and the investment made in promoting Harrow, and North West London, as a key part of London's future enterprise storey risks being fatally undermined. For these reasons, officers consider that the Heart of Harrow Area for Intensification justifies an exemption from these emerging proposals.

Options Considered

There are no other options considered. If we choose to take no action then this would mean that we will not be able to opt out at a later date.

Financial Implications

Harrow are currently meeting the housing targets set and permitting this change will increase the enforcement team workload.

Given the existing enforcement workload (some 700 complaints per year, and the significant impact that the proposals are expected to have on the amenities of neighbouring properties, officers expect to see an increase in enforcement complaints, and demands for investigation. The change in the thresholds for what is, and is not, acceptable, may allow the service to “close” a number of existing and outstanding enforcement complaints, but officers expect to have to investigate both development, and if the temporary time period proposed is brought forward, compliance timetables.

The service would need to re-structure, and re-focus, its resource in the event that the proposals were to be implemented. The existing professional resource is unlikely to be able to be sustained within the Council, without additional funding growth. The move from applying officer time to matters of judgement to matters of fact, would provide opportunities to migrate applications from professional officers to technical support staff (who are not necessarily qualified planners) as a means to mitigate the impact of declining fees and ensure these pressures are contained within existing budget .

Risk Management Implications

The proposals risk seriously undermining the capacity of the Council and developers to deliver the comprehensive regeneration of the area.

Equalities implications

None

Corporate Priorities

The proposals will impact upon the ability of the Council to manage the appearance of the built environment, and the amenities of residents and businesses across the borough.

- Inappropriate development gives rise to adverse impacts upon environmental, physical social and emotional wellbeing of our residents. The proposals are therefore at odds with the significant work across the Council and the Heart of Harrow plans.

Section 3 - Statutory Officer Clearance

Name: Kanta Hirani	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 5 th February 2013		
Name: Abiodun Kolawole	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 5 th February 2013		

Section 4 - Contact Details and Background Papers

Contact: Stephen Kelly 020 8736 6149
stephen.kelly@harrow.gov.uk

Background Papers:

None

If appropriate, does the report include the following considerations?

1.	Consultation	NO
2.	Corporate Priorities	NO