

APPENDIX

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Dear Sam

Permitted Development rights for change of use from Commercial to residential – request for exemption

I refer to the letter from the Chief Planner dated 24th January in connection with the proposals for the above.

On behalf of the London Borough of Harrow, and in accordance with the resolution of Harrow's planning committee, I write to seek a "ground B" exemption (substantial adverse economic consequences at the local level) for the Harrow and Wealdstone Area for Intensification (the Heart of Harrow) for the reasons set out below.

The enclosed 1:4,500 OS extract outlines the extent of the Harrow and Wealdstone Area for Intensification. The area outlined is defined in the adopted London Plan as a regional priority for regeneration and economic output for London [LP ref Policy 2.13 & Annex 1] and the Harrow Core Strategy (adopted 2012). An Area Action Plan DPD for the defined area has recently (Jan 13) been the subject of independent examination and the authority is awaiting the report of the appointed inspector into the soundness of the document.

The London Plan, Core Strategy and emerging AAP aim to secure a minimum of 3,000 new jobs and 1,800 new homes in the Heart of Harrow over the plan period.

The economy of Harrow

Harrow's Local Economic Assessment 2012 (LEA) indicates that some 68,000 people currently work in Harrow. Between 2005 and 2011, Harrow has seen a 66% decline in larger (200+ employees) businesses (typically operating from single site office buildings). In West London, IBDR data shows that Harrow has the lowest number of businesses overall. Over 78% of Harrows current businesses employ less than 5 people - the highest proportion in West London (LEA).

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The Business Register and Economy Survey 2010 indicates that 55% of Harrow's workforce falls into categories reflecting the "knowledge economy". The growth of knowledge based enterprises is seen as key to maintaining the competitiveness of the UK economy. Whilst Harrow has the lowest absolute number of jobs in the knowledge economy in West London, MJ has ranked the Borough 6th in England (and second in London) for "Human Resources," reflecting its potential to act as a location for sustainable economic growth through knowledge based enterprise. Office based jobs continue to account for the largest employment grouping - 29.2% (LEA). Information collected by Banksearch Consultancy Ltd (2012) also indicates that Harrow is the only West London Borough to show continual growth in new business formation since 2006. Since 2008, the largest number of new business start-ups has been in real estate and professional services (essentially office based enterprises). The largest number of new business start ups has been in the "Greenhill" ward, within the Harrow and Wealdstone Area for Intensification.

Office accommodation in Harrow.

The recently published Harrow Annual Monitoring Report (April 2011 - March 2012) shows office floorspace in the borough has reduced from 400,601 sq.m in 2003 to 324,173 sq.m in 2012. Much of this loss can be attributed to mix use re-development of old and redundant office space, consistent with the Borough's policy of office renewal. The AAP area accounts for some 57% of Harrow's overall office stock. 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 Allocation 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" (ref GVA). This analysis demonstrates a significant difference in office and residential land values (£250 p.sq.m and £1480 p. sq.m respectively) that would make the conversion of office space to residential especially attractive in all circumstances and in all locations across the borough, but especially within the areas of high public transport and amenity access such as the Harrow and Wealdstone Intensification area.

Housing supply and management

The London Plan 2011 proposes an annual housing target for Harrow of 350 new units per year. Within the Harrow and Wealdstone Intensification area, the plan has a target for 1,800 homes, and 3,000 new jobs. In the last 12 months, the Council has worked with developers to approve over 1,500 new homes within this area, together with new office and employment space and the essential infrastructure required to enable developers and investors to build sustainable housing. The Council is acutely aware of its role, in helping to plan for London's future employment and housing needs. Housing demand in the Borough remains strong but the Borough is already outperforming its planned housing target (by 197% since 2009) through intelligent and sensitive management of land and buildings. Harrow is one of only 10 boroughs in London to have exceeded its housing delivery target in the London Plan last year – and has done so consistently 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 across the Borough 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 and deliberately managed conversions of unsuitable second hand office stock into high quality, sustainable mixed use developments where the residential component has been able to cross subsidise new, employment floorspace to meet employment as well as social and economic regeneration objectives.

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 (56Ha across the Borough) to deliver a significant uplift in economic, social and physical outcomes. The planning 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 development. 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 in Harrow takes place within small businesses, which traditionally use secondary and lower cost employment space, such as offices. The supply of suitable, affordable offices has emerged 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, £3.2million 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 provided 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 suitable offices within the defined area (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 serious risk of significant quantities of this supply, being converted to residential use without planning permission. Not only will 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, but it will also constrain the supply of new space to emerging and growing SME which forms the cornerstone of the current and forecast future investment profile for the borough. 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

The Council is seeking an exemption for the Harrow and Wealdstone Area for Intensification, as defined in the London Plan 2011 and the Harrow Core Strategy 2012 on

the basis of “*substantial adverse economic consequences at the local authority level which are not offset by the positive benefits the new rights would bring.*”

On the basis of the evidence above, the Council argues that there will be substantial adverse consequences at the local authority level because:

- The Heart of Harrow Area contains the boroughs Metropolitan centre, and has the best conditions, and amenities, to support sustainable, economic growth, in the borough. The Area contains a significant quantum of employment generating office stock, housing employment sectors (and sizes) that are important for the borough, and are forecast to continue to play an important part if economic growth in the borough.
- The economy of Harrow is based upon small business (less than 5 employees) within areas of activity which require flexible, affordable office stock to grow and succeed.
- The Mayors office, Local Strategic Partnership, Community and developers and investors have agreed that the Heart of Harrow should be the focus for employment in the Borough (see above)
- There is a significant differential between office and residential land values within the area identified and evidence of a declining supply of office stock across the borough.

The Council, Mayor of London and development industry are already investing significant sums of public money, and have a long term commitment to investment in economic development requiring office type floorspace within the Heart of Harrow as part of a sustainable vision for growth in Harrow. Because of the quantum of secondary office accommodation, the significant price differential and the housing need in the borough, the proposals will have a significant adverse impact upon the delivery of development sites allocated for comprehensive mixed use development using cross subsidy to support sustainable development and the associated infrastructure to secure regeneration in the Heart of the Borough.

In support of the proposal for an exemption, the Council can also demonstrate that housing delivery in the borough would not be jeopardised because:

- The Council has an up to date Planning Policy framework with significant allocated land for housing development across the borough.
- The Borough has consistently managed its land supply to exceed housing targets (and is one of only 10 boroughs in London to do so).
- The Council has approved in excess of 1500 new homes within the Heart of Harrow over the last 12 months, comprising a range of housing types and formats. There are 17 housing sites already allocated for re-development in the Heart of Harrow Area Action Plan and a pipeline of housing sites encompassing a minimum of 3,400 new units over the plan period.

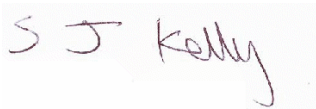
Conclusions

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, the Council considers that the Heart of Harrow Area for Intensification justifies an exemption from these emerging proposals.

If I can provide any further information, please do not hesitate to contact me by e-mail or telephone.

Yours sincerely

A handwritten signature in blue ink that reads "S J Kelly". The signature is written in a cursive style with a small dot at the end of the last word.

Stephen Kelly
Divisional Director of Planning
London Borough of Harrow

Enc: 1:4,500 OS Base Map of Harrow and Wealdstone Intensification Area

Cc: Keith Ferry, Portfolio Holder, Harrow Council