

# **City of London Proposed Non-Immediate Article 4 Direction to remove permitted development rights for change of use from office [Class E(g)(i)] to residential [Class C3]**

## **Additional supporting evidence**

### **1. London Plan 2021 requirements**

The proposed City of London Article 4 Direction is supported by an evidence base made available through public consultation on the City of London Corporation's website at: [Article 4 supporting evidence 2021](#)

The approach taken by the City Corporation is supported by strategic planning policy and evidence contained in the London Plan, published by the Mayor in March 2021. The London Plan forms part of the Development Plan for the City of London and its recent adoption and endorsement by the Secretary of State gives weight to its policies and guidance, including specific policy supporting the use of Article 4 Directions to remove office to residential permitted development rights in the Central Activities Zone.

The following section sets out relevant policy and supporting text from the adopted London Plan March 2021 as further evidence in support of the introduction of the City of London Article 4 Direction.

#### **London Plan 2021**

##### **Policy SD4: The Central Activities Zone (CAZ)**

**B The nationally and internationally significant office functions of the CAZ should be supported and enhanced by all stakeholders, including the intensification and provision of sufficient space to meet demand for a range of types and sizes of occupier and rental values.**

Supporting text highlights the importance of the CAZ to the wider UK economy and the specific importance of the CAZ's nationally and internationally significant office cluster.

Paragraph 2.4.1: "The CAZ is the vibrant heart and globally-iconic core of London. It is one of the world's most attractive and competitive business locations. It accommodates one third of London's jobs and generates almost 10 per cent of the UK's output."

Paragraph 2.4.7: "The City of London and the Northern Isle of Dogs are nationally important locations for globally-oriented financial and business services. The West End is a vibrant mixed-use business location, an internationally renowned shopping, cultural and visitor destination and home to several world-leading academic institutions as well as a significant residential population. The unique roles of these locations and their strategic contribution to the economy, culture and identity of the capital should be promoted and enhanced."

Paragraph 2.4.8: "As a whole, the CAZ supports a nationally and internationally significant scale and agglomeration of offices, enabled by the hyper-connectivity of its public transport infrastructure. The CAZ has important clusters in areas such as tech, the creative industries

and life sciences, adding to its strengths in the business, professional and financial services sector, arts and culture, health, education and law. A supportive policy approach to the wide variety of business space requirements, quality and range of rental values is essential to enable these sectors to flourish and for small and medium-sized enterprises to fulfil their economic potential alongside larger businesses.”

**Policy SD5: Offices, other strategic functions and residential development in the CAZ**

- A New residential development should not compromise the strategic functions of the CAZ.**
- B Residential development is not appropriate in defined parts of the City of London and Northern Isle of Dogs (areas to be identified by boroughs in Development Plans).**
- C Offices and other CAZ strategic functions are to be given greater weight relative to new residential development in all other areas of the CAZ ...**
- E The Mayor will work with boroughs and support them to introduce Article 4 Directions to remove office to residential permitted development rights across the whole of the CAZ and the Northern Isle of Dogs (and those parts of Tech City and Kensington & Chelsea lying outside the CAZ).**

Supporting text provides further justification for this approach and the support for boroughs and the City Corporation in introducing Article 4 Directions.

Paragraph 2.5.1: “The CAZ is an internationally and nationally significant office location, complemented by the Northern Isle of Dogs and Tech City.”

Paragraph 2.5.2: “Table 6.1 indicates that the CAZ and the Northern Isle of Dogs are projected to accommodate more than 367,000 additional office jobs and a net increase of 3.5 million sqm (GIA) of office floorspace over the period 2016-2041, an average of 140,000 sqm per annum. The provision of a range of office floorspace in terms of size, quality and cost should be supported through a combination of intensification, redevelopment and refurbishment whilst ensuring a suitable supply of secondary stock, which provides relatively affordable lower-cost market provision of business space (see Policy E2 Providing suitable business space and Policy E3 Affordable workspace).”

Paragraph 2.5.3: “Given their strategic importance, as a general principle, offices and other CAZ strategic functions are given greater weight relative to new residential development in the Zone (with exceptions set out in policy). The principle of greater weight is designed to ensure that the agglomerations of offices and other CAZ strategic functions are not compromised by new residential development. The principle should inform Local Plan preparation and development management. Residential development is considered inappropriate in defined parts of the City of London and Northern Isle of Dogs reflecting the prominent role of these locations in providing capacity for world city business functions. This policy will ensure that the current and future potential to assemble and deliver office development in these locations is not compromised by residential development.”

Paragraph 2.5.6: “The Mayor supports a co-ordinated approach to the introduction of Article 4 Directions by the CAZ boroughs before the exemptions expire in May 2019 to ensure that London’s nationally-significant offices in and around the CAZ are safeguarded. Boroughs are encouraged to draw on both strategic and local evidence to support these Directions.”

### **Policy E1: Offices**

- C The unique agglomerations and dynamic clusters of world city businesses and other specialist functions of the central London office market, including the CAZ, NIOD (Northern Isle of Dogs) and other nationally significant office locations (such as Tech City and Kensington & Chelsea), should be developed and promoted. These should be supported by improvements to walking, cycling and public transport connectivity and capacity...**
- E Existing viable office floorspace capacity in locations outside the areas identified in Part C should be retained, supported by borough Article 4 Directions to remove permitted development rights where appropriate, facilitating the redevelopment, renewal and re-provision of office space where viable and releasing surplus office capacity to other uses.**
- F Boroughs should consult upon and introduce Article 4 Directions to ensure that the CAZ, NIOD, Tech City, Kensington & Chelsea and geographically defined parts of other existing and viable strategic and local office clusters ... are not undermined by office to residential permitted development rights.**

This policy approach supporting the introduction of Article 4 Directions in the CAZ is amplified further in the supporting text to Policy E1.

Paragraph 6.1.5: “It is important to ensure that there is sufficient space to support the growth of new start-up companies and to accommodate SMEs, including lower-cost and affordable business space. Development Plans and development proposals should support the provision of space suitable for SMEs in light of strategic and local assessments of demand and supply.”

Paragraph 6.1.6: “Outside the office to residential permitted development rights (PDR) exemption areas, more than 1.9 million sq.m. of office space had received prior approval to change to residential by March 2018 mostly, but not exclusively, in town centres in west and south London and in areas around the CAZ fringe. There are concerns that office to residential PDR is 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. This Plan therefore supports boroughs to consult upon and introduce Article 4 Directions for the areas currently exempted in and around the CAZ and for geographically-defined parts of other existing and viable strategic and local office locations, to ensure that their office functions are not undermined by office to residential PDR and to protect local amenity or the wellbeing of an area.”

## **Additional Strategic, London-wide, Evidence to Support Article 4 Directions**

In February 2018, the Mayor published strategic evidence to support London borough (and City Corporation) Article 4 Directions in London's nationally significant office locations, to help to safeguard these important office agglomerations and their contribution to the London and UK economy. This evidence is appended to this note. Revised and updated strategic evidence is being prepared by the Mayor specifically addressing the implications of the 2020 update to the Use Classes Order and amendments to the General Permitted Development Order in 2021. It is understood that this evidence document will be published later in June or early July 2021 and that the emerging research demonstrates a continuing strong economic case, post-pandemic, for Article 4 Directions to safeguard these nationally significant office agglomerations. The City Corporation is liaising with the Mayor's office on the preparation and content of this new evidence.

Additional evidence outlining the importance of London and the CAZ to the national economy and the role of the City of London in generating jobs and economic output within London is set out in Chapter 7, section 7.2, of the Evidence Base for London's Local Industrial Strategy, February 2020, published by GLA Economics. This evidence is also appended to this note.

### **2. Scope of Article 4 Direction**

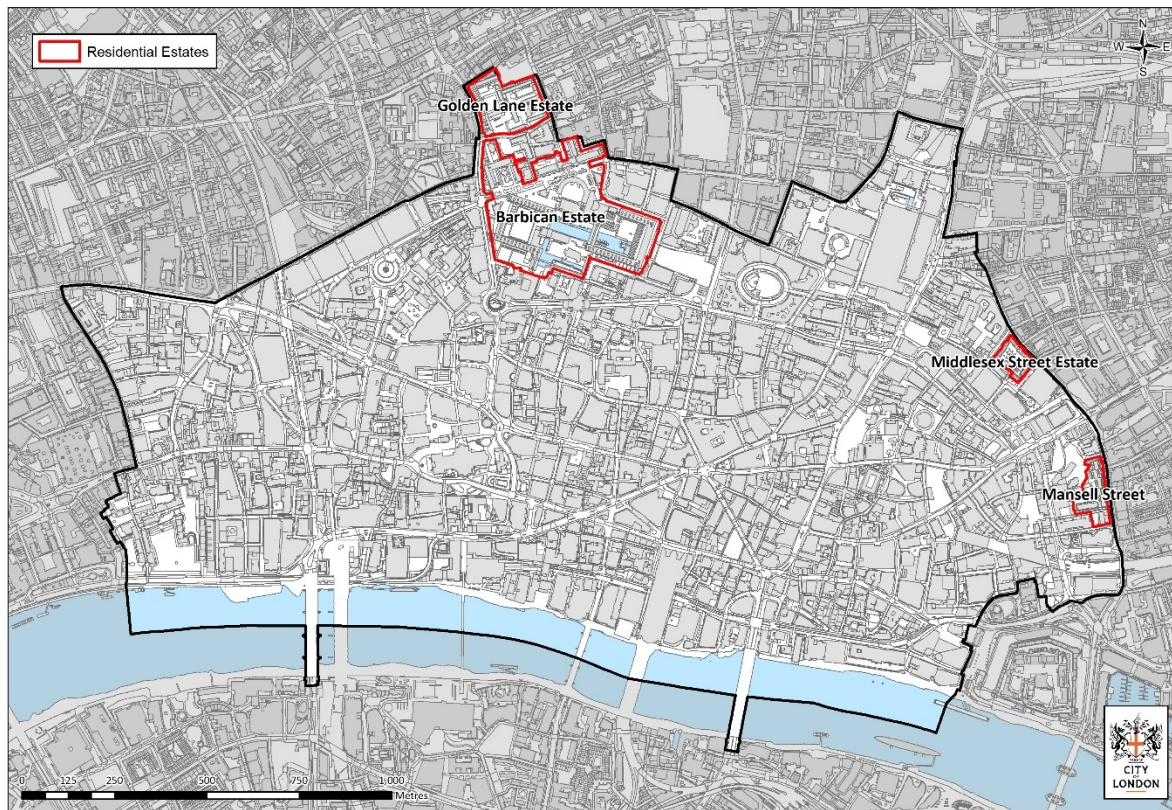
The City Corporation has considered the scope to make an Article 4 Direction which sought to remove national permitted development rights for all land uses within the E Use Class to C3 residential, and not just office uses. It currently considers that in the context of the City's particular property market, in which the vast majority of non-office Class E uses are integral to buildings that are primarily in office use, there is limited evidence that the wider use of the permitted development right would have a materially adverse impact on the City of London's nationally important concentration of office-based activities and development.

The City Corporation has commissioned a legal opinion from a leading planning QC on the appropriateness of limiting the Article 4 Direction to Use Class E(g)(i) offices. The City Corporation is happy to provide this legal opinion, when received, to MHCLG along with any other evidence necessary to support an appropriate scope for the Article 4.

### **3. Geographical Extent of the Article 4 Direction**

The City of London is just over 1 square mile in area. It is the only local authority which lies wholly within the London Central Activities Zone, within which the London Plan 2021 supports the introduction of Article 4 Directions removing office to residential permitted development rights. The Secretary of State has previously supported an exemption from national permitted development rights for the change of use of offices to residential across the whole of the City of London, and through the existing Article 4 Direction which removes national B1 to C3 permitted development rights. The extent of the proposed Article 4 Direction therefore aligns and accords with existing local policy, strategic planning guidance and current national policy.

Although the City of London is a commercial office centre of national and international significance, it does contain identified residential areas where additional housing is encouraged by City Local Plan policy including 4 purpose-built residential estates. In the event that the Secretary of State considers it to be inappropriate for a Direction to remove national permitted development rights across the whole of the administrative area of the City of London, these residential estates could be excluded from the extent of the Article 4 Direction without weakening its purpose. The attached map shows the extent of the four residential estates at the Barbican, Golden Lane, Middlesex Street and Mansell Street which comprise about 5% of the City's land area.



City of London Corporation

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