



**Report of: Executive Member for Inclusive Economy and Jobs**

<b>Meeting of:</b>	<b>Date:</b>	<b>Ward(s):</b>
Executive	17 January 2019	Barnsbury, Bunhill, Caledonian, Clerkenwell, St. Mary's, St. Peter's

<b>Delete as appropriate:</b>		Non-exempt
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**SUBJECT: Confirmation of Article 4 Directions to withdraw Permitted Development Right for change of use from Office to Dwelling Houses in the Central Activities Zone (CAZ)**

**1. Synopsis**

- 1.1 In 2013, the Government introduced a permitted development (PD) right to allow office uses (B1a use class) to change to residential uses (C3 use class) without the need for planning permission. The PD right was for a temporary period of three years, from 30 May 2013 to 30 May 2016. The Council, in coordination with the Greater London Authority (GLA), applied for an exemption from the PD right for Islington's portion of the Central Activities Zone (CAZ), on the grounds that nationally significant office accommodation would be lost. This request was successful and the CAZ is currently exempt from this PD right. However, in 2015, the Government announced that the PD right would be made permanent and the current exemptions will be lifted from May 2019. In order that the PD right is not available in the CAZ, an Article 4 Direction (A4D) is needed to remove the PD right after the exemption is lifted.
- 1.2 The CAZ is the commercial core of London's economy. It is considered to be one of the world's most attractive business locations and accommodates a range of unique economic clusters and a significant agglomeration of offices. The south of Islington falls within the CAZ and 70% of the Borough's jobs are located here. Islington's CAZ generates £7bn Gross Value Added (GVA measures the level of contribution that companies who produce goods and services make to the local economy) from B-uses alone and accommodates 46% of the Borough's firms. Maintaining and nurturing the CAZ's economic function is crucial to

ensuring the ongoing success of Islington's economy and its ability to sustain existing and future jobs. Approximately 62,000 jobs could be lost if this A4D is not put in place.

1.3 The proposed A4D covers Islington's portion of the CAZ (see Appendix 1 showing a map of the area). The A4D is considered necessary as the PD right has the potential to cause significant harm to local amenity and wellbeing, in particular it could:

- Lead to the loss of viable business space, which could exacerbate the projected undersupply of offices at a time when there is a significant identified need.
- Undermine agglomeration benefits that can be achieved when concentrations of offices in particular sectors, such as the tech sector, locate in close proximity to one another.
- Lead to the loss of valuable, viable and occupied offices in Islington which provide a range of job opportunities and is of strategic importance to the Central London and UK economy.
- Undermine the viability of the remaining business uses in the CAZ by introducing uses that may not be compatible with employment uses and which could compromise their future operation.
- Create amenity issues by introducing residential accommodation in locations and buildings that would otherwise not be suitable.
- Lead to a further loss of jobs in the Borough and limit its capacity to accommodate future jobs growth. Up to 62,000 jobs would be at risk if this A4D is not put in place (see 3.23 below).

1.4 Confirmation of the A4D will also contribute to the delivery of the Council's Corporate Plan, whose vision is to make Islington a fairer place for all. The Corporate Plan sets out seven clear objectives relating to homes, jobs and money, safety, children and young people, place and environment, health and independence and a well-run Council. If an A4D is not put in place, the subsequent loss of office floor space, and therefore jobs, would negatively impact the Council's ability to: reduce the levels of long term unemployment and worklessness; help residents get the skills they need to secure jobs; and create an inclusive economy. The Council's ability to ensure an increase in the supply of genuinely affordable homes and to improve housing conditions for private tenants would also be jeopardised if an A4D is not put in place.

1.5 On 17 September 2014, the Council confirmed an A4D to remove the office to residential permitted right in locations outside of the CAZ. This A4D remains in place and is unaffected by the A4D proposed in this report.

## **2. Recommendation**

2.1 To authorise confirmation of the Article 4 Direction on or after 20 March 2019, which will withdraw the permitted development right which allows B1(a) office units to change to C3 residential use without planning permission. The Direction covers Islington's portion of the Central Activities Zone (as indicated on the plan at Appendix 1).

## **3. Background**

3.1 A PD right grants automatic planning permission for certain types of development. PD rights are set out in the Town and Country Planning (General Permitted Development) (England) Order (the GPDO). In 2013, the Government introduced a PD right to allow the

change of use from a use falling within Use Class B1(a) (offices) to a use falling within Use Class C3 (dwellinghouses). The PD right was intended to be in place for a temporary period of three years until 30 May 2016.

- 3.2 Prior to the introduction of the PD right, the Government invited applications for exemptions, meaning that the PD right would not apply in any exempted areas. In response to this, and with support from the GLA, in February 2013 the Council made two requests to the Secretary of State (SoS) for exemptions to the PD right:
- The first request (referred to as "Category A") was made on the grounds that the PD right would result in the loss of employment floorspace which was of national significance to the UK economy. The request sought exemption for Islington's Central Activities Zone (CAZ).
  - The second request (referred to as "Category B") was made on the grounds that the PD right would have substantial adverse economic consequences at a borough-level. The request sought exemption for economic areas outside the CAZ. These locations were informed by existing planning employment designations, as well as detailed site surveys.
- 3.3 An assessment was carried out by the Department for Communities and Local Government (DCLG) and it was determined that the Council would be granted exemption in relation to the Category A / CAZ area only.
- 3.4 On 3 July 2013, the Council gave notice of a non-immediate A4D which would remove the office to residential PD right for the whole borough outside the CAZ. The A4D was subsequently confirmed by the Council's Executive in November 2013. The Secretary of State (SoS) later cancelled this Direction in July 2014, primarily because he considered that the proposed area was too extensive. The Council then legally challenged the SoS's reasons for cancellation. As a result of this, the SoS acknowledged that the cancellation had been based on flawed evidence. Following further discussions between the Council and the DCLG, a smaller area to be covered by the A4D was agreed. The SoS modified the A4D on 17 September 2014. The A4D covers specific clusters of office uses in various parts of the borough and came into force on 18 September 2014.
- 3.5 On 13 October 2015, the Government announced that the office to residential PD development right would be made permanent. The announcement also set out that the areas currently exempt from the PD right will no longer be protected. Local authorities who have designated exemption areas, will need to put an A4D in place by 30 May 2019 if they wish to retain these areas.

#### Justification for Article 4 Direction

- 3.6 In deciding whether this A4D is expedient, regard has been had to various national, London-wide and local planning policies and considerations.
- 3.7 *Housing*  
The PD right was introduced to facilitate the delivery of housing, However, Islington has a strong track record of high levels of housing delivery. Islington's latest housing trajectory for 2017 records housing completions up to 2016/17. In the six-year period from 2011/12 to 2016/17, 9,062 residential units were completed, which exceeded the Borough's housing target by over 1,800 units (or 26%). Figures for the 2013/14 to 2016/17 financial years, during which time the PD right has been exempted in the CAZ, show that housing delivery has exceeded the borough's housing target by over 1,100 units (or 24%). This strongly

suggests that the exclusion of the CAZ from the PD right has not been an impediment to overall housing delivery in the Borough. It is also worth noting that despite the exemption in the CAZ being in place, the majority of the Borough's housing delivery has been focused in this area. This demonstrates that housing delivery is not being negatively impacted by the existing exemption.

- 3.8 In terms of future supply, Islington's five-year supply (covering the period 2018/19 to 2022/23) projects the delivery of approximately 5,300 homes, which would exceed the Borough's London Plan housing target of 4,853 for this period (presuming adoption of the new London Plan housing target in 2020/21) by nearly 500 units (or 10%). Therefore, although the A4D may affect the delivery of residential units that may have otherwise come forward if the A4D was not in place, Islington will still be able to comfortably deliver its housing target without relying on delivery through this PD right.

#### *National Policy and Guidance*

- 3.9 Paragraph 80 of the National Planning Policy Framework (NPPF) sets out that significant weight should be placed on the need to support economic growth and productivity. It seeks to ensure that Britain can become a global leader in driving innovation and states that the performance and potential of areas with high levels of productivity should be capitalised on, Islington's Local Plan proactively encourages economic growth in the Borough in line with NPPF policy. Employment policies promote the development of new business floor space, and seek to protect this much needed floor space in designated employment areas, as well as across the Borough. Local Plan employment policies are underpinned by a robust needs assessment and are flexible in order to allow response to changes in market conditions. The associated Planning Practice Guidance (PPG) requires local planning authorities to assess economic development needs within their areas to ascertain the levels of predicted employment need. The Council has done this for existing adopted Local Plan policies, and the Council's evidence base – the Employment Land Study (ELS) - identifies current employment need, which will inform the Local Plan review.

#### *London-wide Policy and Guidance*

- 3.10 At the London level, the London Plan (consolidated with alterations since 2011) Policy 4.1 promotes the continued development of a strong, sustainable and increasingly diverse economy across all parts of London, ensuring the availability of sufficient and suitable workspaces in terms of type, size and cost, supporting infrastructure and suitable environments for larger employers and small and medium sized enterprises, including the voluntary and community sectors.
- 3.11 With regard to the CAZ, Policy 2.10 of the London Plan sets out that a key strategic priority for the Mayor is to enhance and promote the role of the CAZ as one of the world's most attractive and competitive business locations. Paragraph 2.46 expands on this, noting that the CAZ is expected to grow substantially over the London Plan period (to 2036); and therefore it will be important to ensure an adequate supply of office accommodation and other workspaces suitable to meet the needs of a growing and changing economy. This includes a need to ensure continued availability of workspaces appropriate for the technology, media and telecommunications and other emerging sectors.
- 3.12 The Mayor's CAZ Supplementary Planning Guidance (SPG) provides additional guidance on London Plan policies which relate to the CAZ. Section 1 of the SPG focuses on promoting the CAZ as a competitive business location. It recommends that in order to accommodate projected growth in employment, and to ensure that the CAZ remains globally competitive,

London Plan policy should be implemented in ways that promote and incentivise office and other strategic functions<sup>1</sup>. The SPG acknowledges that the Government will be lifting the current CAZ exemption for the office to residential PD right and offers strategic support for a co-ordinated approach to the introduction of Article 4 Directions, to ensure that London's nationally and internationally significant business locations are safeguarded. Such support reinforces the importance of the CAZ remaining a strategically important business location.

- 3.13 The area around and to the south of the Old Street roundabout falls within the City Fringe Opportunity Area. The London Plan identifies the broad parameters for the Opportunity Area (such as the number of jobs expected to be accommodated in the area) while the boundary of the area is designated in the Local Plan. The City Fringe Opportunity Area Planning Framework (OAPF) was jointly prepared by the Council and the GLA in order to guide development in the area. The OAPF designates Islington's area as the 'inner core'. This is where employment-led development proposals are encouraged and sites should provide the maximum viable amount of employment floor space as possible.
- 3.14 The Draft London Plan is progressing and the examination is due to commence in January 2019. This new plan will be the third London Plan, and is not an alteration to or update to previous plans. The current 2016 consolidated plan is still the adopted Development Plan. However, the Draft London Plan is a material consideration and will gain more weight as it moves through the examination process.
- 3.15 The Draft London Plan covers the full range of planning issues and introduces six 'Good Growth' principles, which inform each of the key policy areas. One of the six Good Growth principles is growing a good economy. Chapter 6 of the draft plan, which focuses on 'economy', builds on this principle. Policy E1 sets out that increases in the current office stock should be supported where there is strategic and local evidence of sustained demand for office-based employment and office floor space. For Islington, there is strong evidence from the GLA and from the Council's Employment Land Study (ELS – see below) indicating high levels of demand for office floor space. This evidence forms the basis for the protection of strategically important office floor space in the CAZ through this A4D. The importance of the CAZ is also highlighted in Part C of Policy E1.

#### *Local Policy and Guidance*

- 3.16 Islington's Local Plan is made up of several documents which provide the basis for assessing planning applications in the Borough. This includes the Core Strategy (adopted February 2011), Development Management Policies, Finsbury Local Plan and Site Allocations (all adopted June 2013). The Local Plan is up-to-date and is fully consistent with the NPPF. The Local Plan policies positively promote sustainable development to ensure that social, environmental and economic goals are achieved across the lifetime of the plan. One of the fundamental Core Strategy objectives, which underpins Islington's entire Local Plan, is to maintain the growth in employment by ensuring a broad range of opportunities exist for all types and sizes of businesses across all parts of the Borough. Policy CS13 of Islington's Core Strategy encourages the development of new employment floor space in the CAZ and in town centres, and resists the loss of employment floor space across the Borough, particularly in the CAZ, unless exceptional circumstances can be demonstrated.
- 3.17 The Local Plan has detailed policies which resist the loss of B-use floor space across the Borough, as set out in the Development Management Policies and the Finsbury Local Plan.

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<sup>1</sup> Paragraph 1.1.5, Central Activities Zone Supplementary Planning Guidance, 2016

These policies are used to determine applications for planning permission and can help deliver the vision and objectives set out in the Core Strategy, to bring forward sustainable development. These policies resist the loss of business floor space and provide heightened protection for business floor space in designated employment areas, including in the CAZ. The loss of office floor space through permitted development, coupled with the unrestrained introduction of residential use in the CAZ, could undermine sustainable development in the Borough, particularly in economic and social terms, and therefore impact negatively on local amenity and the wellbeing of businesses.

- 3.18 The Council is currently reviewing the Local Plan to ensure it remains up-to-date and responsive to key issues. Although at an early stage of preparation, the emerging plan continues to promote new business floor space in various parts of the borough, as well as maintaining policies to protect existing space.

*Evidence*

- 3.19 There is substantial, up-to-date evidence to support the making of an A4D to remove the office to residential PD right in the CAZ. This evidence includes:

- Employment Land Study, London Borough of Islington, 2016;
- Review of B-Use Premises and Permitted Development Rights, London Borough of Islington, 2016;
- London Office Policy Review, Greater London Authority, 2017;
- Small Offices and Mixed Use in the CAZ, Greater London Authority, 2015; and
- Strategic Evidence to Support London Borough Article 4 Directions in London's Nationally Significant Office Locations, Greater London Authority, 2018.

*Islington Employment Land Study (2016)*

- 3.20 Islington's Employment Land Study (ELS) was published in January 2016 and was commissioned by the Council to inform the employment policies of the new Local Plan. It provides employment projections by sector; considers the impact of permitted development rights and reflects on the contribution of B class uses to the Borough's economy.

- 3.21 The ELS makes a strong case for the ongoing protection of office floor space within the CAZ and throughout the borough. It identifies a shortfall in the supply of office floor space against the projected demand for such space (400,000 sqm up to 2036). This, coupled with further potential losses from the office to residential PD right in the pipeline, heightens the need to ensure that an A4D is put in place to remove the office to residential PD right in the CAZ. Without an A4D, the likely significant further losses of office floor space that would occur once the exemption is lifted could undermine the sustainable development of the Borough, particularly in terms of economic and social sustainability. This would be likely to impact negatively on local amenity and wellbeing of businesses. This includes existing businesses, who will lose the benefits of being close to other similar businesses in the same sector and / or could find their future operations curtailed due to the introduction of potentially incompatible residential uses. Further loss of space also reduces available space which could affect the ability of existing businesses to expand and grow. Lack of available floor space could also mean that new businesses are not retained and are forced to look outside the Borough for space to develop their business.

*Islington Employment Land Study – Review of B-use Premises and Permitted Development Rights (2016)*

- 3.22 As part of the ELS, a separate study was commissioned to analyse the businesses occupying B-use premises in Islington, to gain a thorough understanding of their contribution to the local economy, and to understand the likelihood of their conversion to residential use through permitted development. The study also investigates the possible impacts of a set of scenarios regarding possible changes to the PD rights affecting B-use premises.
- 3.23 The Review of B-use Premises and Permitted Development Rights study highlights a number of serious issues relating to the current and future impact of the office to residential PD right. The conversion of office floor space outside the CAZ as a result of the PD right has already reduced the Borough's overall supply of office floor space, displaced a significant number of jobs and businesses, and negatively impacted the economy in terms of lost GVA and turnover. The study also forecasts the potential future impact of the PD right, should there be no exemption or A4D in place, based on past trends. It found that over a nine-year period (2016-2024 was used), 70% or over 900,000 sqm of all office space could be lost. Furthermore, approximately 62,000 jobs, £5.3bn in GVA and £12.9bn in turnover would also be lost as a result. If an A4D for the CAZ is not introduced before the exemption is lifted, Islington's economy would be significantly weakened and its ability to accommodate projected economic growth seriously undermined.
- 3.24 The Council has undertaken further analysis on the impact on the office to residential PD right. Up-to-date planning application data shows that some prior approval permissions have lapsed. Overall, between May 2013 (when the PD right was first introduced) and December 2018, approximately 34,000 sqm of office floorspace has been converted to residential use through prior approval, with a further 8,500sqm under construction and 2,000sqm from extant unimplemented schemes. This equates to approximately 44,000sqm of floorspace from all completed and extant permissions, which potentially could have accommodated 2,900 jobs (assuming a conservative employment density of 15sqm per employee, which aligns with the ELS). If a less conservative employment density figure of 12sqm per employee<sup>2</sup> is used, this level of floorspace could have accommodated over 3,500 jobs. Should the exemption be lifted without an A4D in place for the CAZ, office stock in the area will be at very serious risk of conversion, which could jeopardise existing jobs and limit the creation of new jobs.

*London Office Policy Review (2017)*

- 3.25 The London Office Policy Review (LOPR) (2017) was commissioned by the GLA to inform the review of the London Plan. The objectives of this study are to undertake a review of office market trends, assess supply / demand dynamics, examine the impact of the office to residential PD right, and provide office employment and floor space projections.
- 3.26 The LOPR notes that Islington has been significantly impacted by the office to residential PD right and reinforces the conclusions of the ELS, in particular the need to continue to safeguard existing business floor space in order to mitigate the impact of continued losses through permitted development. As with the ELS, the LOPR forecasts high employment growth in the Borough. To accommodate projected employment growth and meet the demand of office floor space, the Council must put in place an A4D to ensure that there are

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<sup>2</sup> Derived from an average of B1 employment densities from the employment density matrix (page 29) of the HCA Employment Density Guide 3rd edition (November 2015), available here: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/484133/employment\\_density\\_guide\\_3rd\\_edition.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/484133/employment_density_guide_3rd_edition.pdf)

no further substantial losses to overall supply, and to ensure that the gap between supply and demand does not widen even further.

*Small Offices and Mixed Use in the CAZ (2015)*

3.27 The Small Offices and Mixed Use in the CAZ study was commissioned by the GLA to form an evidence base for the CAZ Supplementary Planning Guidance. It examines the supply and demand for small offices and mixed use development, and focuses on the balance between office and residential development.

3.28 The study recognised that the office to residential PD right has had major unintended consequences for the office market. It describes how residential land values have risen sharply against a background of rising demand, and how many owners have realised the potential uplift in value from an office to residential conversion. Moreover, owners have vacated occupied buildings to allow conversion, thereby displacing economic activity. Overall, the study recommends a coordinated approach to the introduction of an A4D to ensure that London's nationally and internationally significant business locations are sustained.

*Strategic Evidence to Support London Borough Article 4 Directions in London's Nationally Significant Office Locations (2018)*

3.29 The Mayor published a report setting out strategic evidence in support of the London boroughs making A4Ds in London's nationally significant office locations. Evidence in relation to the economic contributions of the CAZ, office market conditions, residential / commercial land values, and the impacts of the PD right, amongst others, is presented. The report set out that the unique nature of the CAZ results in exceptional levels of productivity which cannot be replicated elsewhere, and therefore requires different or tailored approaches to the application of national policy. It recognises any loss of office floor space in this area could cause substantial harm to not only Islington's local economy, but the London and UK-wide economy. It concludes by stating that the introduction of office to residential A4Ds in the CAZ will promote and safeguard London's internationally and nationally significant office locations.

*Housing Quality and Affordable Housing*

3.30 As set out the above, the A4D will prevent adverse impacts on local amenity and wellbeing. In addition, the A4D will also have indirect benefits on housing quality and affordable housing.

3.31 The Council's policies on design and housing standards require that new residential units provide a good level of amenity. The GPDO offers no opportunity to assess the design of prior approval schemes and the impact that the design will have on the amenity of future occupiers (other than noise). Office properties may not be well insulated and conversion into dwelling houses may result in those dwelling houses having a poor level of energy efficiency, which could adversely affect the amenity of future occupiers of any converted units, especially in terms of exacerbating fuel poverty. The A4D proposed in this report will ensure that amenity for future occupiers can be properly assessed through an application for planning permission and appropriate design mitigation measures implemented where necessary, e.g. soundproofing and insulation.

3.32 If the A4D was not put in place and housing was to be delivered through the PD right, the Council would not have the ability to secure much needed affordable housing from such schemes. When housing is delivered through the planning application process they are



required to provide on-site affordable housing (for major housing developments), or at least a financial contribution towards off-site provision (for minor housing developments).

#### Consultation on the A4D

- 3.33 The Council consulted on the A4D from 20 March to 1 May 2018, a period of 6 weeks. This is double the minimum period specified in Schedule 3 of the Town and Country Planning (General Permitted Development) (England) Order (the GPDO). In deciding whether to confirm the A4D, the local planning authority must take into account any representations received during the period.
- 3.34 As part of the consultation, all those registered on the policy consultation database were directly contacted, a total of 1,598 emails being sent. Notification of the A4D was also published in local newspapers (the Islington Gazette and Islington Tribune), as well as a press release on the Council's website. Further to the above, an additional consultation exercise was carried out whereby every office occupant located across the whole of the CAZ was contacted directly (based on business rates data). In total, 3,105 letters were sent out to office occupants, making them aware of the consultation and inviting representations.
- 3.35 Ten responses were received (see Consultation Statement at Appendix 3). Six of these responses were in support of the A4D – these were from a community interest group, an office occupant, the GLA, Transport for London, a housing association and a theatre trust organisation. Responses in support of the A4D detailed the importance of the CAZ's role in supporting jobs and businesses, and the apparent shortage of / ongoing losses of office space in the Borough. The Housing Association raised concerns about the quality of new housing as a result of the permitted development right and the impact of this, on neighbouring residential properties. One respondent set out that they had no comments on the A4D whereas three respondents set out objections. One objection stated that flexibility between land uses should be maintained. The other two objections were worded similarly and stated that the Council should consider making the exemption only applicable within a 5-7 min walk of a London Underground station, as areas further than this are more appropriate for residential use than for office use. It was also set out that restricting the ability of offices to convert to residential use will further constrain housing supply, exacerbate the shortage of new homes, and further exacerbate the issue of affordability.

## **4. Implications**

### **4.1 Financial implications:**

Any applicants submitting applications for planning permission which would have been unnecessary, prior to an Article 4 Direction removing PD rights are entitled to apply for planning permission without paying standard application fees. The Article 4 Directions are therefore likely to lead to an increase in the number of planning applications for which planning application fees will not be applicable.

If a local planning authority makes an Article 4 Direction, it may be liable to pay compensation to those whose PD rights have been withdrawn in the event that planning permission is refused for such development. However, no compensation is payable if the following procedure is followed, as set out in section 108 of the Town and Country Planning Act:

- The planning permission withdrawn is of a prescribed description as set out in the Town and Country Planning (Compensation) (England) Regulations 2015 (as amended). Part 3, Class D Permitted Development rights are included in this list.
- The permitted development right is withdrawn in the prescribed manner.
- Notice of withdrawal is given in the prescribed manner:
  - not less than 12 months before it takes effect.
  - not more than the prescribed period (two years)

The process followed by the Council with regard to this A4D means that no compensation will be payable if the A4D is confirmed to come into force on or after 20 March 2019. Costs associated with publishing the confirmation of the A4D will be met from the Planning Policy Team budget.

#### **4.2 Legal Implications:**

An Article 4 Direction removes the specified PD right and means that an express grant of planning permission will be required for the change of use. If the A4D is confirmed, the Council would not be liable to pay compensation should planning permission, which would otherwise have been permitted development, be refused or granted subject to conditions, as the non-immediate procedure has been followed and one year's notice of the introduction of the A4D has been given.

Legal Services will advise on the form of the notice and linked procedures which are specified in the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended). The Secretary of State has power to withdraw or modify the A4D at any time. The Council has power to cancel the A4D by subsequent Direction.

If confirmed by Executive, the A4D will be publicised via the press (local advertisement) and site notices. The GPDO requires the local planning authority to serve notice on the owner and occupier of every part of the land within the area or site to which the A4D relates, unless they consider that individual service on that owner or occupier is impracticable because it is difficult to identify or locate that person; or the number of owners or occupiers within the area to which the A4D relates makes individual service impracticable.

In this case, the Council has used data from the Valuation Office Agency (VOA) to identify potential B1(a) occupiers. This is considered to be a reasonable method of identifying properties likely to be in B1(a) use. In addition to writing to specific premises likely to be in B1(a) use, the Council will ensure that a large number of site notices are placed throughout the Borough, including in the CAZ, in addition to press notices.

#### **4.3 Environmental Implications**

The A4D is likely to have a positive environmental impact as, by retaining the need for planning permission for certain proposals, it will allow relevant planning policies to be applied – in particular the Core Strategy, Development Management Policies and Finsbury Local Plan, which set out policies relating to the sustainability of development.

#### **4.4 Resident Impact Assessment:**

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have

due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment (RIA) has been completed and is attached at Appendix 2. The RIA assessed the impact of the A4D introduction on businesses, residents and landowners/developers. It shows that the confirmation of the A4D would result in benefits for businesses, particularly ensuring that business can remain / locate to the Borough more easily, retaining jobs within the Borough and benefiting from agglomeration benefits, and ensuring the economic function of the CAZ is safeguarded.

For residents, an indirect, positive impact was identified, highlighting that the A4D will enable retention of office floorspace and therefore jobs, which may be filled by Islington residents.

One specific negative impact was identified for landowners/developers, who, as a result of the A4D, will need to apply for planning permission, should they wish to convert any offices to residential uses, which may incur additional costs.

## **5. Reason for recommendation**

- 5.1 From May 2019, the exemptions from the office to residential PD right for the CAZ will be lifted, meaning that offices in this area will be able to be converted to housing without the need for planning permission. There is a need to protect office floor space across the Borough, and even more so in the CAZ. The CAZ is a strategically important business location and safeguarding office uses in this area is crucial in supporting the London and UK economy. This PD right could have a devastating impact on Islington's economy and could lead to the loss of up to 62,000 jobs.
- 5.2 The CAZ is a unique and important location for business floor space. Local and London-wide policy and guidance protects B-use floor space from a change of use unless exceptional circumstances are demonstrated. This protection is vital in order to maintain the amenity of local businesses and to ensure the distinct business function of the CAZ is retained. This in turn enables the retention of an employment 'ecosystem' which facilitates growth in line with employment projections and therefore improves opportunities for employment, including employment of local residents. The function of the CAZ is also extremely important for the rest of the borough. As noted in the ELS, the CAZ area performs a critical function contributing to the growth of the Central London economy.
- 5.3 The removal of the current exemption without the corresponding introduction of this A4D will compromise the ability of the Council to plan properly. The A4D ensures that uses which contribute significantly to economic growth are protected, and ensures local wellbeing is maintained. The introduction of residential premises poses a threat to the continued business use of neighbouring business premises and contributes towards the erosion of the business character of the CAZ.

5.4 To conclude, local and London-wide evidence indicates that in Islington, the number of jobs is expected to grow significantly and demand for office floor space significantly exceeds supply. To accommodate this growth and ensure that the CAZ maintains its status as a competitive and internationally important business location, this A4D is necessary.

**Appendices**

- Appendix 1 – Map of Article 4 Direction Area
- Appendix 2 – Residents Impact Assessment
- Appendix 3 – Consultation Statement

**Background papers:** none

Final report clearance:

**Signed by:**



4 January 2019

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