

Appendix 3

London Borough of Hackney

Evidence to support the Council proposed Article 4 Direction regarding Permitted Development Rights for Change of Use from Commercial, Business and Services to Residential in Hackney CAZ, City Fringe / Tech City, Dalston and Hackney Central Major Centres

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Strategic Planning

**London Borough of Hackney, Planning and Regulatory Services, 1
Hillman Street, London E8 1DY**

Planmaking@Hackney.gov.uk

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Summary

This Report sets out the evidence and justification for making an Article 4 Direction (A4D) for Hackney's Central Activities Zone (CAZ), City Fringe / Tech City, Hackney Central and Dalston town centres that would remove Class MA permitted development (PD) rights between Class E uses (commercial, business and service) and Class C3 (residential) that came into force on 1 August 2021.

It recognises the international, national, regional and local roles of Hackney's CAZ, and City Fringe in terms of its contribution to the economy and employment. The benefits of having the presence of large companies, and the supporting industries across a diversity of sectors in a geographically concentrated area. The growth north to the rest of the Borough, especially the main town centres of Dalston and Hackney Central. The report demonstrates the importance of the centres as retail, commercial, leisure and community hubs of the Borough.

The impact of the PD right and the creation of the new use class E is difficult to establish, but potentially there would be a loss of commercial to residential in some of the Borough's key commercial and growth areas. The attractiveness of the CAZ and the main centres for business and places for commercial growth will diminish. It could affect the economy, employment and health and well being of the community, and conversely make the Borough a less attractive place to live. It would also adversely affect the holistic delivery of strategies and plans for the delivery of an inclusive economy.

The A4D does not mean that there will be no residential in the affected area, rather it will allow the Council to consider and determine planning applications in line with the existing and emerging policies, and manage some of the adverse impacts of the A4D.

On 1 September 2020, a new use E (Commercial, Business and Services) merged a number of uses including retail (A uses), office / light industrial (B use), some community (D1 use) and some leisure uses (D2 use) into a single use class.

- This means that operations within 'E' use can change between uses without requiring a change of use planning approval.
- On 1 August 2021, a new permitted development right (PD) right will be exercisable to enable a change of use from class E to residential (C3 use).
- Applicants wishing to exercise the PDR need to go through the prior approval process rather than having to apply for full planning permission.
- The impact of the two recent amendments means that the Council as the planning authority is less able to influence and manage changes in the key commercial / business areas such as town centres, and dedicated employment areas including the CAZ / Shoreditch. This will significantly undermine our work in delivering an inclusive economy.
- The new permitted development rights will also have a financial impact leading to a reduction in Community Infrastructure Levy / S106 contributions.

1. Introduction

- 1.1. As part of reforms to the planning system centered around the Planning White Paper (titled "Planning for the future" and published in August 2020), the Government has made and is proposing a number of amendments to the Town and Country Planning Use Classes Order 1987 (UCO), the Town and Country Planning (General Permitted Development) Order 2015 (GPDO) and the National Planning Policy Framework (NPPF).
- 1.2. This Reports seek to justify the Council proposal for an Article 4 Direction (A4D) for the new permitted development (PD) right which will allow uses within Class E (commercial, business and service) to change to use Class C3 (residential) under a new class MA in the General Permitted Development Order (GPDO). Appendix 1 sets out the new class E, and the PD right class MA in more detail.
- 1.3. In March 2021 Government published legislation that introduced a new PD right, Class MA which came into effect on 1 August 2021 for the change of use of properties in the Commercial, Business and Service use class (Class E) to residential, subject to a range of conditions and limitations. Under the transitional arrangements, where there are existing A4Ds relating to *office to residential* PD right, these will remain effective until 31 July 2022, other local A4Ds affected by the new class E and PD right fell away on 31 July 2021.
- 1.4. The Government made a statement on 1 July 2021 clarifying its position in respect of A4D and amending the NPPF accordingly. Paragraph 53 now states that,

"The use of Article 4 directions to remove national permitted development rights should: where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts (this could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre) in other cases, be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities) in all cases, be based on robust evidence, and apply to the smallest geographical area possible."
- 1.5. The Council considers it important to protect key employment and commercial locations that may be directly impacted by the change in the PD rights. The Council therefore proposed an A4D not only to allow more time to monitor and understand the resultant situation and ensure that longer term objectives remain on track, but also to allow time to assess the impact of a change of use on the vitality and viability of the commercial and employment centres. The PD rights threaten the unplanned loss of Class E premises from locations within the Borough that make significant contributions to the national, regional and local economy, employment, health and well being of our residents, employees and visitors.
- 1.6. The A4D replaces the arrangements for two existing A4D in Hackney that currently removes the PD rights under class O (Class B1(a) (Offices) to Class C3 (residential)) and class M (Class A1 (shop) and A2 (financial and professional services) and C3 (residential)).
- 1.7. For Hackney it is proposed that there are separate A4Ds covering the same PD rights but for *different geographical areas*, one for the key employment area and two main centres, and another for the designated District and Local Centres in the Borough. Each A4D area needs to be justified by supporting evidence, and although covering similar grounds, the potential impact on the CAZ and the major centres will be strategically significant. This by no means diminish the importance or justification for an A4D relating

to the District and Local centres, which are crucial in terms of providing essential facilities and services, but also contribute to the amenity, health and well being of local communities.

2. Hackney Evidence

- 2.1. The impact of the new PD right is uncertain, but this paper will consider the likely implications of the PD right for Hackney in terms of :
- The local, regional and national economy, in relation to Hackney's part of the Central Activities Zone and City Fringe
 - Employment and environment for business
 - Attractiveness, health and well being of the main town centres for communities
 - Hackney's planned growth for the areas, in particular on adopted and emerging plans and strategies
- 2.2. It will draw on a number of strategic and local documents and sources to justify the Class E to C3 A4D, including but not limited to :
- The GLA Strategic Evidence to support for A4Ds (July 2021) provides evidence of commercial rental values, the importance of the central activities zone (caz) as London's commercial hub and the significance of the London retail hierarchy to meet local and London-wide needs.
 - Hackney Economy, Workspace and Social Value Study (2019)
 - Shoreditch Covid -19 Economic Report - impact of Covid-19 on local businesses in Shoreditch (2019)
 - Draft Dalston Plan SPD (May 2021)
 - Draft Hackney Central Town Centre Strategy Review and Appraisals (2021)
 - Hackney Employment Land Study (2017) which demonstrates that there is positive job growth for B1 (offices) and an increasing demand for employment floorspace within the Borough.
 - Hackney Retail Needs Assessment Report (2017) which identifies the need for new retail and leisure floorspace to support the regeneration of the Borough.
 - Hoxton Social Economic Insight Study (date) Focussed on the diverse and multi population with its mix of long standing and newer migrant communities. A consistent concern raised in the study was the relevance and access to local economy in terms of job opportunities, and the extent to which businesses and amenities serve the needs of local residents.
 - Hackney monitoring data

Central Activities Zone

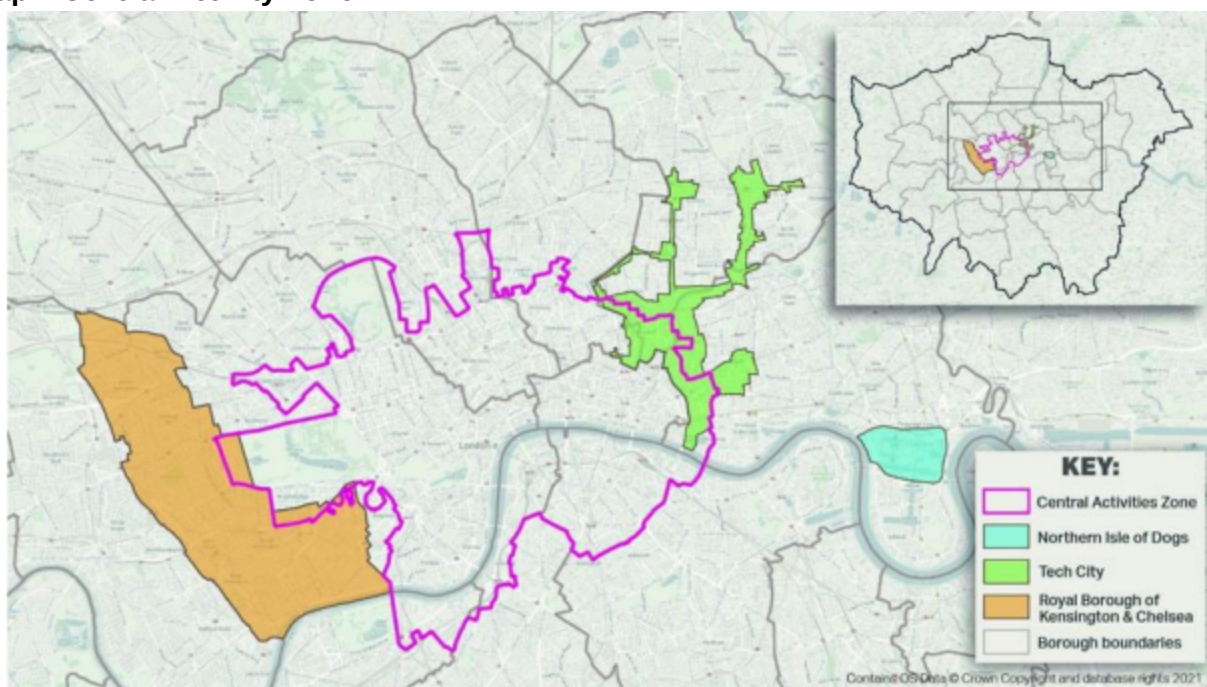
- 2.3. The London economy contributes around 24.5 per cent¹ of the UK's total GVA and is comparable in size to that of Sweden, Belgium and Russia. Each of London's distinct regions - North, South, East, West and Central - is individually larger than many major cities elsewhere in Europe. London is home to the European headquarters of 33 percent of the world's largest companies, and is widely regarded as the primary location in Europe for business. Over 65 percent of Fortune's Global 500 companies have chosen London as a center of operations and London plays host to more foreign banks than any other city in the world. In 2019 London also accounts for about 16 percent of all jobs in the UK.
- 2.4. The engine room of London's global significance as an economic centre is the Central Activities Zone (CAZ). The CAZ spatially is about 3% of London, but covers the city's geographic, economic and administrative core. It is separated into three distinct areas: 1) **West End**, retail, homes, culture, dining entertainment, visitor accommodation and

¹ The Economic Future of the Central Activities Zone, GLA, ARUP et al, (January 2021)

offices, 2) **Reprian South**, which is the southern edge of the river and includes London Bridge, Borough South Bank and it contains a lot of entertainment space, 3) **City and the East including the NIoD** (Northern Isle of Dogs), this area contains more than 10 million square metres of office floorspace.

- 2.5. The ten boroughs, including Hackney, in the CAZ and the NIOD area contributed around £293 billion to the UK's GVA in 2019, which is 11% of UK output. It's also the most productive area of the country, ONS (2020) indicated that in 2018 the GVA per worker in the CAZ was £110,000, compared to £86,000 for the rest of London and £55,000 per worker for the rest of the UK.
- 2.6. The CAZ provides around one-quarter of the jobs in London. In 2019, around 1.4 million people worked in the CAZ, accounting for 4.4% of the UK's total employment (ONS, 2019c). Between 2007 and 2019, CAZ employment growth outpaced the rest of London and the UK, driven by entertainment, emerging office jobs, food and beverage, and other, mainly non-white collar occupations, which includes construction of buildings, postal and courier activities and utilities².

Map 1 Central Activity Zone



Source: GLA. Boundaries based on the areas granted exemptions by government from office to residential permitted development rights under the category 'nationally significant office locations'.

- 2.7. In the decade before the pandemic the CAZ area experienced significant and broadly sustainable growth :
- The number of residents in the CAZ area has increased by 25% between 2011 - 2019, and stood at 335,000 in 2019. Over the same period the rest of inner London outside the CAZ grew by 11% and outer London by 7% in population.
 - Employment growth by 10% in the five years between 2015-2019. This represents 1.4m jobs, or over 4 jobs per CAZ residents.
 - 260,000 of London's 1.2 retail and other services jobs are in the CAZ area. It has about 16% of all retail jobs in London.
- 2.8. The CAZ has been moving to a healthy balance of economic activity and liveability as

² The Economic Future of the Central Activities Zone, GLA, ARUP et al, (January 2021)

both economic activity and population have been growing in the past years.

- 2.9. Over the period of the London Plan, employment in the CAZ is expected to grow substantially, particularly driven by expansion of the office-based business services sector, as well as more jobs in areas like retail and leisure services. It will be important to ensure an adequate supply of office accommodation and other workspaces in the CAZ/NIOD suitable to meet the needs of a growing and changing economy. The projected increase in office-based employment in the CAZ/NIOD which is projected to increase will create significant demand for new office space in the longer term.

Table 1 Projected employment and office growth

| Location | Office employment growth 2016 - 2041 | | Office floorspace demand 2016-2041 |
|---------------------------------|--------------------------------------|--------------------------|--|
| | Total | % of total growth | Gross internal area million sqm |
| Outer London | 142,200 | 23% | 0.3-1.5 |
| CAZ and NIOD | 367,700 | 59% | 3.5 |
| Inner London outside CAZ & NIOD | 109,400 | 18% | 1.0-1.1 |
| London Total | 619,300 | 100% | 4.7-6.1 |

Source London Plan Ramidus Consulting 2017

- 2.10. The CAZ cannot be seen in isolation. Its success is critical to the overall prosperity of London and the UK; this success in turn depends on availability of a skilled workforce, goods and services from other parts of the capital and beyond. The economic, social, environmental and transport linkages between the CAZ and the rest of London, the greater south-east, the wider UK and the world have to be recognised and addressed.

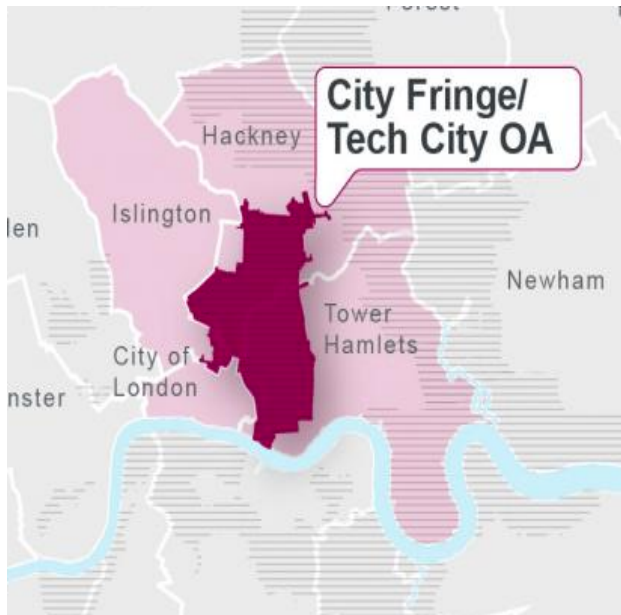
City Fringe / Tech City

- 2.11. The London Plan recognises that the CAZ and the City of London in particular has a high concentration of financial services, which relies on significant supporting services in abutting areas such as Shoreditch / Hackney. The CAZ also contains several important specialist clusters of activity which contribute towards the capital's international and national roles. These clusters contain a significant concentration of strategic functions of arts and culture, states, health, law and education. Shoreditch along with several other areas has been identified as a cluster for arts, cultural and creative industry.
- 2.12. Shoreditch forms part of the City Fringe / Tech City Opportunity Area³ (see Maps 1 and 2) which refers to areas that have a functional relationship with the CAZ and lies within reasonable proximity to the CAZ but do not lie within the Zone itself. Parts of the Shoreditch lie within the CAZ and it includes development corridors extending from the Old Street 'Silicon Roundabout' and Shoreditch to Whitechapel, Hackney Central and Dalston. Within Tech City there is scope to support the expansion of diverse clusters of digital-creative businesses in the area as well as business and professional services.

³ Mayor London city Fringe Opportunity Area Planning Framework , GLA (2015)

- 2.13. Tech City is a digital, creative and tech cluster and a business hub of major international significance. It is strategically important to the economy of London and the UK and contains an agglomeration of business functions and commercial development capacity in relatively central areas. City Fringe / Tech City, is among London's most significant areas for economic growth, whilst also containing some of the capital's most deprived neighbourhoods. The unique function and importance of Tech City/ City Fringe for London's economic growth has been recognised for many years.

Map 2 City Fringe / Tech City



[GLA City Fringe OAPF](#)

- 2.14. The area contributed almost £15 billion to London's GVA output in 2019. The Tech City area is estimated to contain more than 190,000 workforce jobs in 2019⁴, approximately 25 per cent of total employment in the three Boroughs in which it is located (Hackney, Islington and Tower Hamlets).
- 2.15. The London Plan identifies the City Fringe as an Opportunity Area in the London Plan (2021). Opportunity Areas are the capital's major reservoir of brownfield land with significant capacity to accommodate new housing, commercial and other development linked to existing or potential improvements to public transport accessibility. Data from BRE, ONS 2019 indicates that Shoreditch has around 50,000 jobs (38% of all jobs in Hackney) and 5,200 businesses (23% of all Hackney businesses) - UK Business Council ONS 2020⁵
- 2.16. The London Plan estimates the capacity for the City Fringe / Tech City is for the provision of 50,500 jobs and 15,500 new homes⁶. The strategic policy direction states that the area contains a number of accessible, relatively central sites with significant development capacity, including Bishopsgate/South Shoreditch and Whitechapel/Aldgate. The area provides particular scope to support London's critical mass of financial and business services and clusters of other economic activity, such as creative industries. Minor extensions of the CAZ should assist the realisation of development

⁴ Strategic evidence to support London borough Article 4 Directions (commercial to residential) GLA, July 2021 pp3

⁵ Shoreditch Covid -19 Economic Report The Impacts of Covid -19 on Local Businesses in Shoreditch, PRD, March 2021 pp11

⁶ This is down on the OAPF which estimated capacity of 70,000 jobs and 7000 new homes, but shows that the area is still a significant area for employment alongside new residential.

capacity and exploit public transport accessibility through Crossrail 1 stations at Liverpool Street and Whitechapel and at the East London Line stations. At Old Street the scale of additional development capacity is partly dependent upon operational rail requirements and improvements to interchange capacity. The area contains some of London's most deprived inner city neighbourhoods as well as affluent new quarters interspersed with affordable business premises, some serving the local communities, others meeting the needs of national and international business.

- 2.17. The introduction of an A4D will continue to support the growth and expansion of these important business clusters and their contributions to the national and London economy. It will not compromise the overall aims of the opportunity area which seeks a balance of employment floorspace alongside new housing, retail and leisure.
- 2.18. The GLA / Arup [Economic Future of the Central Activity Zone](#) report looked at the impact of pandemic and other factors such as Brexit on the area. It concluded the pandemic impact was severe, and is a threat not only to health and the economy, but to the longer term survival of the CAZ. Londoners have suffered significant jobs losses, and more is to come in 2021 and 2022. However, its longer term projection for the CAZ is cautiously positive.
- 2.19. The existing labour market, location for in-person interaction to sustain complex networks, and its role as the command and control point of the UK means that appetite for the CAZ as a location will actually strengthen over time. In addition, the Elizabeth Line and HS2, and less frequent commute (due to more home working) could expand the labour catchment area, and thus its ability to draw from a larger pool.

Dalston and Hackney Central

- 2.20. To the north of the CAZ and Shoreditch is Dalston, one of two Major Town Centres in Hackney, as designated in the London Plan (2021) and the Local Plan. Dalston is identified as being a strategic area for regeneration in the London Plan. It has moderate level of demand for retail, leisure or office floorspace, and has physical and public transport capacity to accommodate it. It is also a centre with the capacity, demand and viability to accommodate new office development, as part of mixed use development including residential. The capacity and delivery of development in Dalston are considered and detailed as part of the [draft Dalston Plan](#).
- 2.21. Dalston provides its offer through its diverse commercial and retail offering of produce and varied forms of workspaces. The main units occupying the area consist of commercial workspaces for studio space that is rented to artists and third sector organisations, Turkish restaurants, diverse ranges of produce for BAME communities, and evening and night time uses that cater to LBTQI communities. People are drawn to Dalston because of this mixture, which helps support overall activity for businesses in evening and late-night industries. Respondents to the Dalston Plan also shared that elderly residents and communities of BAME backgrounds rely on the physical act of purchasing products that include a mixture of small to large scale produce.
- 2.22. Hackney Central was upgraded from a district to a major as part of the new London Plan, and supported by Hackney's Town Centre Study 2017 which highlights the centre's quantum of retail, leisure service floorspace, increasing commercial rents, catchment area. It also identified the centre's civic and cultural functions, being the location for the town hall, the 1275 seat Hackney Empire Theatre, library, museum and the four screen Picturehouse cinema.

- 2.23. The London Plan identifies Hackney Central as being within a strategic area for regeneration. It has moderate level of demand for retail, leisure or office floorspace, and has physical and public transport capacity to accommodate it. It is also a centre with the capacity, demand and viability to accommodate new office development, as part of mixed use development including residential. The Council's vision for the area is set out in the 2017 Hackney Central Masterplan, and the emerging Hackney Central SPD refresh, and emerging Town Centre Strategy⁷. These will contain further details of the opportunity sites identified in Hackney's Local Plan 2033, which will include around 3,000 planned new homes for the area.
- 2.24. Both Dalston and Hackney Central are within the City Fringe / Tech City area as defined in strategic and local documents, and Maps 1 and 2 above.

Impacts of Covid-19 Pandemic

- 2.25. The GLA commissioned research into the pandemic and impact on office use trends, the CAZ ecosystem, scenario development and policy recommendations. This resulted in [the economic future of the CAZ](#) (2021) report. It found that the impact of the pandemic has been profound, with many businesses and jobs facing enormous challenges due to the growth in home working, need to distance socially, unprecedented restrictions on hospitality and cultural venues and events, and the collapse in tourism. London's arts and cultural sectors, including the Night Time Economy, are particularly at risk.
- 2.26. In the long term, the report concludes that, if the right action is taken, central London will be well placed to recover strongly. The report concludes that the diverse ecosystem with an unique combination of business, retail, culture, government, education and other anchor institutions will continue to be the beating heart of London's and the UK economy.
- 2.27. It emphasised that growth of homeworking will continue especially by those employed in the sectors dominant in the Shoreditch economy (information and communication) and professional, scientific and tech. However, it does not mean the end of the office. Office will have to adapt to collaborative co-working spaces with flexible leases and spaces will likely to be attractive in the longer term, and a bigger community belt those potentially larger pool of labour.
- 2.28. At a more local level Hackney Council commissioned two studies which looked at the impact of the pandemic, the first on local businesses in Shoreditch⁸, and the second was more focussed on the community in Hoxton⁹, which is a predominantly residential area on the edge of Hackney's CAZ area, and outside the proposed A4D area.
- 2.29. The former focussed on *small and independent businesses*, and the impact in terms of having to temporarily and in some cases permanently close. There was an adverse impact, however the conclusion was that the local economy is well positioned to recover from the impacts of COVID-19, but as restrictions are lifted emphasis should be placed on attracting visitors, job creation and continuation of business support.
- 2.30. The Hoxton Social - Economic Insight Study focussed on the diverse and multi *population* with its mix of long standing and newer migrant communities. A consistent concern raised in the study was the relevance and access to local economy in terms of job opportunities, and the extent to which businesses and amenities serve the needs of local residents. Only 1% of Hoxton residents work in Hoxton and the Shoreditch area

⁷ Hackney Town Centre Strategy Review and Appraisal Report Draft (August 2021) - We made that

⁸ Shoreditch Covid-19 Economic Report The Impacts of Covid -19 on Local Businesses in Shoreditch PRD (March 2021)

⁹ Hoxton Social Economic Insights Study PRD (May 2021)

immediately adjacent. There may also be a growing disconnect between different parts of the community, felt especially by those who have lived in the area for a long time. The rising cost of living, perceived disconnection towards new development, and loss of long term standing community facilities and hubs may have contributed to this. By safeguarding the area for employment and commercial use, it allows the opportunity for relevant agencies to try and address this issue.

- 2.31. All three studies concluded that there is demand for commercial activities and employment in Shoreditch and surrounds, and the areas are in a position to recover from the pandemic economically because of their location and accessibility.
- 2.32. The global pandemic has redefined many aspects of the lives we lead- our increasing reliance on delivery and online services, technology advances, reconnecting locally with everyday services and access to facilities where we live, as well as having altered our ways of working and workplaces. The A4D is therefore required to ensure that we can continue to protect land and buildings where necessary whilst the situation is monitored, and appropriate strategies can be prepared.

3. Planning Policy Context

- 3.1. The National Planning Policy Framework (NPPF) makes clear that the purpose of the planning system is to contribute to the achievement of sustainable development. In achieving sustainable development, the Government sets out three objectives including an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity.
- 3.2. The NPPF recognises the need to support economic growth and productivity, allowing areas to build on their strengths, counter any weaknesses and address the challenge of the future. Paragraph 82 states that *“Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge, and data driven creative or high technology industries; and for storage and distributions operations at a variety of scale in suitable accessible locations.”*
- 3.3. The NPPF also recognises the role of the planning system in supporting the vitality and viability of town centres and promoting healthy communities. Paragraph 86 of the NPPF states that town centres are at the heart of their local communities and LPAs should pursue policies to support their viability and vitality. In respect of economic development, as for all other land uses, the guiding principle is that local plans and decisions should apply significant weight on the need to support economic growth and productivity. This should take account of local business needs and wider opportunities for development. Planning policies are expected to recognise and address the specific locational requirements of the different sectors.

London Plan, 2021

- 3.4. The London Plan's overall aim is good growth, growth that is socially and economically inclusive. Specifically, GG4 - Growing Good economy seeks to conserve and enhance London's economic competitiveness and ensure that economic success is shared amongst all Londoners.
- 3.5. The strategic importance of the CAZ and City Fringe as offices and other strategic function location is recognised, and while residential is welcome, new residential

development should be complementary and not compromise the strategic function of the CAZ.

- 3.6. The London Plan contains policies to ensure that a sufficient supply of commercial land and premises is provided and maintained in different parts of London to meet current and future demands for industrial and related functions. Policies E1 (Offices), supports increases in the current stock of offices in locations such as town centre office locations, existing urban business parks, and town centre office provision to meet local needs and goes on to state that existing viable office floorspace capacity in locations outside the areas above should be retained. The Plan also recognises the importance of London's high streets as one of London's most characteristic urban features which play an important role in terms of local economic and social infrastructure, providing employment opportunities and promoting community and cultural exchange.

Hackney Local Plan 2033

- 3.7. The Council's Local Plan 2033 directs and guides development in the Borough and aims to ensure that the right development is built in the right place at the right time. It was adopted in July 2020, and sets out boroughwide targets on additional housing, jobs, and retail and employment floorspace. The Local Plan identifies a requirement of around 117,000sqm of office floorspace¹⁰ by 2033, and around 34,000sqm of new retail and leisure¹¹. The Plan also sets out to deliver a minimum of 26,250 additional homes by the end of the Plan period. Most of the growth will be directed towards the town centres, high streets and employment hubs.

- 3.8. The adopted policies seek to protect designated areas for employment and commercial uses, but are flexible in that they take account of market signals through the submission of marketing evidence. The policies allows mixed use development in the Borough's Priority Offices Areas and Town Centres, where higher value uses such as residential help to cross subsidise the provision of better quality commercial and business floorspace that existed on the site previously, but through a managed planned approach.

Hackney's Policy Approach to Employment Land

- 3.9. The Council's employment policies are based on robust evidence which has been found sound as part of the Examination in Public to the Council's Local Plan. These policies are responsive to Hackney's local context while being consistent with the regional aspirations of the London Plan, the requirements of the NPPF and ensuring enough employment land remains in the Borough to service the nationally significant business and finance sectors and the increasingly important Tech City concept.
- 3.10. The Council's NPPF compliant policies are flexible in that they take account of market signals through the submission of marketing evidence when seeking to release employment land; requiring a marketing strategy to ensure any new employment floorspace is designed with end users in mind and therefore will be let, as well as wider issues around economic viability. Together these policies essentially seek to allow mixed use development in the Borough's Priority Office Areas (POAs) where higher value uses such as residential help to cross subsidise the provision of better quality office floorspace than what existed on the site previously. In many instances the provision of new market-ready floorspace enables the employment generation of the site to be enhanced significantly even when, in floorspace terms, the amount provided is equal to or less than that which existed previously on the site.
- 3.11. It is important to note that Hackney's entire employment land designations cover only 6.1% of the Borough's land area, with the CAZ designation accounting for around 2.7%

¹⁰ Hackney Employment Land Study, Boyer 2017

¹¹ Hackney Town Centre and Retail Study, GVA, 2017

of the land area. The CAZ and the areas identified northwards to Dalston and Hackney Central / London Field which make up this proposed A4D total approximately 10% of Hackney's entire area¹².

- 3.12. This approach to refreshing existing poorer quality employment floorspace through mixed use redevelopment is consistent with the Council's evidence base¹³ which confirms that a large proportion of the Council's existing floorspace is not fit for purpose, primarily dated industrial space. In essence it is believed the Council's employment policies strike the right balance between providing better quality employment floorspace along with other uses where appropriate such as housing.

Hackney's Policy approach to Town Centres - Dalston and Hackney Central

- 3.13. Dalston and Hackney Central are the two largest commercial centres in the Borough and have been designated as Major centres in the London Plan. Major centres generally contain over 50,000sqm of retail, leisure and service floorspace with a relatively high proportion of comparison good relative to convenience goods. They may also have significant employment, leisure services and civic functions. They are typically found in inner and some parts of outer London with borough wide catchment. Dalston and Hackney Centre have around 71,500sqm and 52,000sqm of commercial in 2021, which is comparable to total floorspace information from 2018.
- 3.14. Place policies in Hackney's Local Plan identifies the two centres amongst nine key areas in the Borough for specific intervention by the Council. Also identified as key areas are Shoreditch and Hoxton, and the transport corridors which are part of the area covered by this proposed A4D.

Dalston

- 3.15. The [draft Dalston Plan \(2021\)](#) brings together the key issues, challenges and opportunities and sets the development objectives, themed strategies and site proposals for the managed growth of the town centre as well as a clear delivery plan on how and when any improvements will happen.
- 3.16. In the draft Plan there are 10 key opportunities sites, which proposes to be delivered by both the private sector and Hackney Council in the short term (within 5 years). This is an indicator of demand for floorspace associated with Tech City requirements but also as a key town centre locations for both the daytime and night time economy to support the creative industry. Sites include:
- Kingsland Shopping Centres- A 2.6 hectares proposed for mixed use including retail, commercial and residential and in there ongoing pre-application discussions regarding the redevelopment of part of the site.
 - 130 Kingsland High Street and Site to the rear of 130A - A 0.192 hectares site, where the proposal is commercial on the ground floor with residential / employment above.
 - Dalston Kingsland Station which is allocated for station improvement with retail and employment at ground level.
 - Stamford Works - A 0.1 hectare site allocated for retail cultural / creative., community and third sector uses alongside residential / commercial at upper levels.
 - Birkbeck Mews - A 0.21 hectares site, where the proposal is for community,retail, cultural storage commercial or storage.
 - 36-42 Kingsland High Street - A relatively small site, but proposal is for mixed use with commercial and residential.

¹² Hackney administrative area is approximately 1906 hectares, the proposed A4D area is approx 198 hectares.

¹³ Hackney Employment Land Study, Boyer 2017

- 1-7 Ashwin Street and 1-7 Dalston Lane - A 0.22 hectare site proposal for mixed use including residential.
- 2-16 Ashwin Street and 11-15 Dalston Lane 0.18 hectare site mixed use including residential.
- Former Clr James Library Mixed use including residential .

3.17. All the sites propose a mix of appropriate uses for a town centre, including an element of planned residential.

3.18. The catalyst for the above development delivery is not only the demand created by infiltration of Tech City related businesses that are attracted into Dalston, but also the transport infrastructure upgrade. These include a London Overground station Dalston Junction with direct connections to The City as well as improvements to the existing London Overground railway (formerly North London Line) including new trains with increased capacity and frequency. A new Crossrail 2 station is proposed at Dalston, and there are plans to connect Dalston to the Supercycle highway. Recent investment has also gone into widening pavements, electric car charging points and public realm improvements, through the good growth fund. In total the draft Dalston Plan envisages an increase of 600 new homes, a vibrant mix of town centres uses that increase the range and quality of non-food retail, and supports the existing diverse food and restaurant offer, and employment uses to support space for artist, light industrial use and the culture and night time economy.

Hackney Central

3.19. Hackney Central was reclassified up from a district centre to a major centre in the London Plan. Hackney Central has a healthy cultural and creative quarter focused around the town hall square, Hackney Empire and Picturehouse along with a growing night time economy. Nearby designated employment areas of London Fields Mare Street has a significant number of industrial and B1 floorspace which are continually being upgraded through the planning process suitable for small to medium sizes businesses which are the cornerstone of emerging new growth in Tech City.

3.20. This area in particular shares many similar characteristics with parts of Shoreditch in its early days of Tech City growth and also benefits from its close location to Broadway Market which is one of the more vibrant local markets in London. Recent research indicates that the Hackney Central area accounted for 12% of the total number of jobs and businesses in the Borough.

3.21. Overall, Hackney Central has experienced significant economic growth over the past 5 years (2015-2020), with jobs increasing by 7% below Hackney's 20% but in line with the London average. Whilst business growth at 25% is well above the London average of 17%¹⁴.

3.22. Improvement to Hackney Central Overground station including an interchange between Hackney Central and Hackney Down stations has increased capacity and improved transport connectivity within the centre. Hackney Central has attracted TfL funding to deliver Liveable Neighbourhoods schemes to improve the built environment through a series of pedestrian and public realm improvements to complement the public realm improvements on the Mare Street Narrow Way.

4. Area Covered by the Article 4 Direction

4.1. This section provides a narrative describing the proposed area for the A4D, as set out in appendix 2.

¹⁴ Draft Hackney Central Town Centre Strategy Review and Appraisal, We made that et al (August 2021)

- 4.2. The proposed area is considered to be the smallest geographical area necessary to address the potential adverse impact of these PD changes, the boundary is as narrowly drawn as considered appropriate. The rationale is to focus on the existing and potential stock of the most important commercial land and floorspace that currently and will support the growth of business in the Central Activities Zone, and the growth and development of Tech City and supporting services. Tech City contains several identified 'hubs' in East London, but specifically in Hackney it follows a 'corridor' from Shoreditch north to the main town centres of Dalston and Hackney Central, and then east to Hackney Wick and the Olympic Park.
- 4.3. This focus is on the Borough's part of the CAZ in Shoreditch, including the Local Plan designated employment land (Priority Office Areas), the City Fringe OAPF, incorporating designated Priority Industrial Areas on the fringes of the CAZ, along two key arterial routes (containing both road and rail) linking Shoreditch with Dalston and Hackney Central.
- 4.4. The arterial route, the A10 Kingsland Road, and the East London Line/London Overground extension links Shoreditch with Dalston. This corridor contains significant commercial land and floorspace, with growing demand for location of offices and commercial operations along this strategic route. The opening of the ELL extension in 2010 and stations at Shoreditch, Hoxton, Haggerston and Dalston, the identification of the 'corridor' as a growth area in the Local Plan and the need for cheaper commercial floorspace compared to Shoreditch, has facilitated this growth and demand.
- 4.5. The arterial route linking Shoreditch with Hackney Central, follows Hackney Road, and the A107 Mare St, is also a railway corridor, with Greater Anglia services bringing commuters to and from the City (Liverpool St), Cambridge Heath Station, London Fields, Hackney Downs and other stations in the north of the Borough linked to Hertfordshire, Essex, Cambridgeshire, Suffolk and Norfolk, and also the line carries the Stansted Express. Significant commercial land and floorspace is located along Hackney Road at the fringes of the City, incorporating designated employment land, and also along Mare Street, where older category B stock is being released to mixed use, facilitated through the Council's planning policies, and is providing much needed less expensive commercial floorspace critical to the growth of Tech City and general economic and employment growth in the Borough.
- 4.6. The proposed A4D area includes Dalston and Hackney Central, which will help maintain these centres as the main retail and leisure hubs of Hackney, support sustainable growth and facilitate an uplift in office, commercial and residential floorspace.
- 4.7. The request area at Appendix 2 tightly follows the outline of the CAZ and City Fringe OAPF, Dalston and Hackney Central. The former being part of the business and commercial centre of the UK, progressing into the Borough's main town centres. It is the same geographical area that the Government in 2013 granted an exemption from office to residential PD right¹⁵, and in 2019 Hackney Council and other relevant boroughs made these offices to residential A4Ds to ensure that they continued to be safeguarded.

Potential Impacts of the permitted development right

- 4.8. The potential impact of the PD right on Hackney is uncertain, however, Government's planned blanket approach to change of use from commercial, business and services to residential, the Council believe will have a detrimental impact on Hackney's nationally significant employment land and premises of the CAZ and City Fringe, and the strategically important town centres of Dalston and Hackney Central.

¹⁵ B1a office to C3 residential PDR Class O, Part 3 of Schedule 3 of the General Permitted Development Order

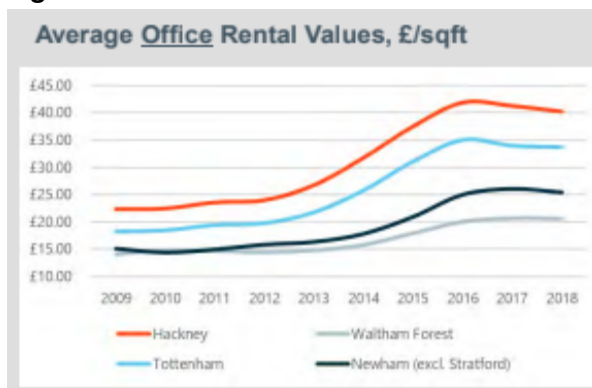
4.9. This section summarises the ‘totality’ the impact these changes to PD rights will have, with a particular focus on the economic impact and spatial impact. In summary, the proposed changes will have a significant impact on the supply of commercial floorspace to support the business function of the CAZ, the wider Tech City, and for employment and economic growth to support the wider London economy within the Borough. The broader range of activities under the new class ‘E’ will expand the uses that may be affected by the PD rights in the designated areas.

CAZ and City Fringe

4.10. The London economy contributes around 24.5 percent of the UK's total GVA. It is the European headquarters to international large corporation, and is regarded as the primary location in London for business.

4.11. When creative and digital firms began to fill in the warehouses of Shoreditch in 2003, the average price per square foot was around £15. Between 2001-2015 around 45 hectares of industrial land was released in Hackney. The Hackney Economy, Workspace and Social Value Study (May 2019) using VOA data identified 1,644,100sqm of commercial floorspace across 10,500 units in the Borough. With office floorspace accounting for around 44% of floorspace, and retail and industrial space accounting for 25%. Between 2012-2017 Hackney experienced a 23% increase in employment growth, and 44% in business growth, ranking it first in terms employment growth and 3rd in business growth amongst London Boroughs¹⁶. Office stock in the Borough increased by a net gain of 182,000 sqm between 2002 and 2018, and rental values mosting increasing since 2009 to around £40 per square foot in 2018, from a peak of around £44psf in 2016 (close to the London average of £47sqf).

Fig 1 Office Rental Value



Source: Hackney Economy, Workspace and Social Value 2019

4.12. The Hackney Employment Land Study 2016 found that around 77% of the total employment floorspace¹⁷ in the Borough lies within a designated employment area as defined by the Local Plan. All six of the Borough’s POAs¹⁸ as defined in the adopted Hackney Local Plan 2033 lie within the proposed A4D area, and within these POAs approximately 84%¹⁹ of the total employment floorspace fell within the old B1 use category. The 538,700 sqm of B1 space in the 6 POAs account for around 95% of the total B1 in all Hackney’s designated employment areas²⁰. The Shoreditch POA contains

¹⁶ Hackney Economy, Workspace and Social Value Study, Hatch Regeneris (March 2019)
¹⁷ Employment floorspace with the old B1, B2 and B8 and industrial uses only.
¹⁸ Priority Office Area : Dalston, Hoxton, Kingsland, Mare Street, Shoreditch and Wenlock
¹⁹ Hackney Employment Land Study, Boyer (2017)
²⁰ Local PPlan 2033 - Hackney’s Designated Employment Land are Priority Employment Areas, Priority Industrial Areas, and Locally Significant Industrial Sites

the vast majority of the office floorspace supply in Hackney, whilst light industrial premises (UCO B1c) are more evenly spread out amongst the 6 designated POAs.

- 4.13. The location of the majority of commercial floorspace in general, and employment floorspace ie former UCO B uses in particular is supported by data which shows where the main employment areas in the Borough. The largest areas in terms of employment are Shoreditch (38,130 jobs), Wenlock (9,783), Hackney Central (5,186), Dalston (3,425) and Mare Street (2,882)²¹.

From Shoreditch to Dalston and Hackney Central

- 4.14. As a result of Tech City's growth many businesses, including start ups and SMEs are either being priced out of Shoreditch and/or are not able to find available space. Creative and digital firms' preference for urban areas is motivated by the characteristics of the office space available in city centres. Price and transport accessibility are the two primary factors in firm location. For this reason Tech City and related clusters are beginning to locate along Kingsland Rd to Dalston and along Hackney Rd and Mare Street towards London Fields / Hackney Central where rents are lower.
- 4.15. The other benefits of these locations in addition to having lower rents are: the availability of small and medium size floor spaces most in demand by Tech City business; existing healthy cluster of related sectors such as hospitality, retail and leisure uses which have further scope for growth; and like Shoreditch they have high levels of public transport accessibility.
- 4.16. Both of the town centres are covered by emerging strategies outlining a pro-growth strategy for housing, employment, and leisure uses. The Councils' commitment to delivery housing in the key corridors is demonstrated by ongoing works into housing design and density, specifically the A10 Stamford Hill and Dalston, Clapton and Homerton corridors. It explored unlocking sites along the corridor to maximise and accelerate delivery of new homes, in particular optimising density including upwards through airspace development. However, within the context of placemaking, transport priorities and reinforcing local character including maintaining active ground floor uses, especially in the town centres.

Productivity in the Cluster

- 4.17. In 2020²² Shoreditch hosted 50,000 jobs, 38% of all jobs in Hackney and 5,200 businesses which equates to around 23% of all Hackney businesses. Employment is concentrated in professional services, scientific tech information and communication sectors making up 25% and 23% of total employment respectively. These sectors also make up the largest proportion of businesses locally. Tech City refers to a web of interdependent businesses including technology and digital companies working in app design, games development and web programming.
- 4.18. In the Hoxton area which borders Shoreditch there are around 30,000 jobs, an increase of around a third since 2015, much of which is concentrated around the fringes of Hoxton in Shoreditch and the Priority Office Areas²³. In terms of employment, three of the six POAs; Wenlock, Shoreditch and Kingsland in the proposed A4D area are located in Shoreditch, which is also where the majority of employment is located (see para 4.13).
- 4.19. The Shoreditch area is a dense concentration of creative activities, mainly comprises offices and smaller workspaces (studi and co-working), the area has a reputation for a vibrant starts up and enterprise economy, with around 70% of businesses being less than

²¹ Hackney Economy, Workspace and Social Value Study, Hatch Regeneris (March 2019)

²² BRES ONS 2019 and UK Business Count 2020 ONS , Shoreditch Covid March 2020 PRD pp12

²³ Hoxton Social-economic insights Study 2016 pp5

5 years old, compared to 65% across Hackney and 50% across London. While surveys of businesses showed that 90% of creative and cultural businesses were either satisfied or very satisfied with Shoreditch as a place to operate²⁴.

- 4.20. While the creative community has historically shaped development of this area, many business and financial services companies also have been making use of the disused factories that were abandoned in Hackney from 2000. The area is increasingly the home of new and emerging sectors of the economy with particular clustering and accommodation requirements, including co-working, start-up and grow-on space, artist studio space and corporate office space. The Opportunity Area Planning Framework set out the key growth conditions that planning can affect in Tech City and the City Fringe including its:
- available, affordable, suitable business floorspace,
 - location and “creative vibe”
 - dense, urban, collaborative environment
 - connectivity
 - mix of uses.
- 4.21. The availability of plentiful and relatively low-cost business space associated with the industrial legacy of the City Fringe has been one of the most significant factors in the rise of Tech City. Many of the old warehouses and printworks have now either been redeveloped or refurbished and competition for leases is increasing, as the core office market expands and more “traditional” City businesses look to locate in the area.
- 4.22. In keeping with the typical profile of these industries, this cluster is intensely entrepreneurial as Hackney’s self-employment rates have been consistently 2% higher than London’s rate. In 2011, the self employment rates were 16% for London and 18% for Hackney. Inter industry collaboration, flexible careers and sole trader microbusiness move fluidly between sectors and use classes in Tech City making the multi-industry workspace a dominate office style in Hackney.
- 4.23. The typical space in the area provided open plan banks of desks with an enclosed meeting space and a kitchen. This basic provision is the foundation of every urban digital cluster that has formed. Urban office space has evolved to not only fill these basic needs, but to include benefits of networking events, business support and continuing education. An urban workspace literally fosters growth and collaboration. This built environment provides the platform for the cross-sectoral growth as exchanges between designers, programmers and artists create the next social media trend or manufacturing breakthrough. The need for affordable space allows incubation of textile manufacturers, graphic designers, data companies and musicians to co-exist in the same office unit.
- 4.24. Higher value start-ups still require the basic services of a co-working space in addition to higher quality amenities such as a bigger event space or restaurant/café. The flexibility across within the new E class. Shoe manufacturing would have once been classed as light industrial in Hackney’s original factories, are now occupying B1 space with 3D printers which are revolutionising industrial processes and consequently making them appropriate for occupation of office space.
- 4.25. In addition to these creative and technology businesses, parallel growth has occurred in hotels, restaurants, pubs and cafes and retail moving into Hackney into a position to market its commercial realm as a destination for entertainment, leisure and a networking spot for knowledge businesses. Appendix 3 shows that office is the majority of ground floor use in Shoreditch, although it also highlights the range of other commercial uses in the area.

²⁴ Shoreditch Covid -19 Economic Report The Impacts of Covid -19 on Local Businesses in Shoreditch, PRD

- 4.26. Furthermore, the increasing attractiveness of the City Fringe and the arrival of Crossrail mean that higher value residential can often outbid and displace lower value office and light industrial uses when new sites become available. Over time unfettered Class E to residential permitted development rights could contribute to the weakening and dissipation of the digital-creative cluster. This would be detrimental to London's wider knowledge economy and the ambition to support a world leading digital creative business hub based around Tech City.
- 4.27. Initially dubbed the 'Silicon Roundabout', the primary location is in Shoreditch; however, the cluster has expanded into the area around London Fields (Hackney Central) as well as into Dalston and Hackney Wick. This growth is allowing a balancing of Hackney's property demand to include Hackney Central and Dalston. As smaller firms are no longer able to afford the prices in Shoreditch, the rest of the Borough is accommodating not only new knowledge businesses but also the cafes and restaurants that come with them.
- 4.28. In conclusion, the introduction of Article 4 Directions for the Tech City area will continue to support the growth and expansion of this vital business and creative cluster and will help to ensure that sufficient commercial development capacity is provided to accommodate growth in employment and support the wider regeneration of the City Fringe Opportunity Area.

Town Centres

- 4.29. There is strong cross-party support for actions to mitigate the impacts of Class E to residential PDR on the economy and ecosystem of high streets in London. The London Assembly Regeneration Committee highlighted its concerns related to the impact of PDR in January 2021 and more recently the London Assembly Economy Committee presented views on the actions that should be taken to help London's high streets in the city's recovery from COVID-19. These actions included ensuring that the potential challenges of any changes to the PD rights regulations are being properly considered and to ensure that commercial districts including town centres and high streets are not threatened by inappropriate residential development²⁵.
- 4.30. The introduction of piecemeal residential development on the ground floor in thriving areas will result in the loss of active frontages, and could lead to sterile and incoherent frontages, impacting on their sense of place, natural surveillance and weakening their function, resilience and attractiveness as places to visit, work and interact. The piecemeal loss of commercial will reduce overall footfall, depriving other businesses and potentially driving the loss of a far more significant number of premises than those who chose to convert commercial to residential.
- 4.31. Once conversions to residential occur the inherent flexibility of premises in commercial and community uses is lost, undermining the ability of the town centres to adapt to future circumstances. In addition direct employment and supporting sectors would be adversely affected as commercial, business and services are turned into residential.
- 4.32. The latest survey from Experian Goad (June 2021) (Appendix 3 and Table 2 below) shows that the majority of Hackney Central town centre is in retail or other commercial use. The core of the designated centre on Mare Street, the Narrow Way and Well Street up to Tesco Well Street and Hackney Walk are in commercial business use falling within the new class E. There is a cluster of civic and office buildings around the Town Hall, which is also close to the Hackney Empire Theatre and Hackney Picture House cinema. The vacancy rate at 13.9% in terms of units is below the national average of 14.17%.

Table 2 Hackney Central Breakdown of uses

²⁵ GLA pp56

| Type | Units % | National Baseline% (units) | Floorspace % | National Baseline% (floorspace) |
|------------------------|---------|----------------------------|--------------|---------------------------------|
| Comparison | 22.37 | 27.06 | 20.33 | 30.5 |
| Convenience | 12.54 | 9.18 | 17.13 | 15.38 |
| Retail Services | 13.22 | 15.64 | 6.34 | 7.16 |
| Other Retail | 0.68 | 0.07 | 0.28 | 0.04 |
| Leisure Services | 26.44 | 24.63 | 35.95 | 25.59 |
| Financial and Business | 10.85 | 9.11 | 8.56 | 6.89 |
| Vacant | 13.9 | 14.17 | 11.41 | 13.87 |
| Total | 100% | 99.86 | 100 | 99.43 |

Source Experian GOAD June 2021

- 4.33. Dalston vacancy in terms of units at 12.95% is below the national average of 14.17%. The core of the centre along Kingsland Road is dominated by retail and other commercial uses, most of which fall within the new UCO E (see appendix 3 and Table 3), and thus subjected to the new PD right, if an A4D is not in place.

Table 3 Dalston Breakdown of uses

| Type | Units % | National Baseline % | Floorspace % | Baseline % |
|------------------------|---------|---------------------|--------------|------------|
| Comparison | 23.57 | 27.06 | 23.22 | 30.5 |
| Convenience | 11.89 | 9.18 | 16.22 | 15.38 |
| Retail Services | 15.29 | 15.64 | 10.12 | 7.16 |
| Other Retail | 0.21 | 0.07 | 0.12 | 0.04 |
| Leisure Services | 30.57 | 24.63 | 31.82 | 25.59 |
| Financial and Business | 5.52 | 9.11 | 5.84 | 6.89 |
| Vacant | 12.95 | 14.17 | 12.66 | 13.87 |
| Total | 100 | 99.86 | 100 | 99.43 |

Source Experian GOAD June 2021

- 4.34. These two centres are the Brough's major centres, and thus need to stay vibrant, offering services to attract visitors from a wider area. However, they both offer facilities providing retail services and activities which are vital for the well being of local communities. If lost people may need to travel further afield, to get day to day essential or find their choices are limited. Both these centres have Public Transport Accessibility levels of 6a /b which means that they are the most accessible areas in terms of PTAL measurements. Both have various bus services, and Dalston has Dalston Junction and Dalston Kingsland

London Overground stations in the centre, while Hackney central can be accessed via Hackney Downs or Hackney Central also part of London overground

Hackney's Housing delivery

- 4.35. Hackney rate housing completions which is consistent with the London Plan derived housing target. The Borough's London Plan target was 1,599 dwellings per annum over the 5 years (2015/16 - 2019/20), the housing completions over the same 5 year period totalled 7,843, which on average equates to 1,568 new homes per annum. This equates to 98% of the 7,995 required, see table 4.
- 4.36. It should be noted for the period 2019/20, the Government's Housing Delivery Test returns adjusted the 2019/20 target down by 1 month due the national lockdown in March 2020, thus if this is taken into account then it could be argued that the Borough's target over the 5 years was 7,862 rather than 7995. It should also be noted that the Housing Delivery Test applied the draft London Plan target of 1,330 per annum to Hackney's returns from the year 2018/2019. Going forward the Borough's target in the new London Plan target adopted in March 2021 is 1,328 per annum, although Hackney's Local Plan has set a target to deliver 26,250 additional homes, which is 1750 per annum over the lifetime of the plan.

Table 4 Housing Delivery 2015-2019

| Tenure | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | Total |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| Affordable Rent | 45 | 63 | 36 | 10 | 31 | 185 |
| Social Rented | 94 | 20 | 97 | 15 | 1 | 227 |
| Intermediate | 107 | 147 | 128 | 119 | 107 | 608 |
| Market | 1223 | 944 | 890 | 1377 | 830 | 5264 |
| <i>Non-conventional supply</i> | <i>1029</i> | <i>-6</i> | <i>72</i> | <i>334</i> | <i>130</i> | <i>1559</i> |
| Total | 2498 | 1168 | 1223 | 1855 | 1099 | 7843 |
| London Plan Target | 1599 | 1599 | 1599 | 1599 | 1599 | 7995 |

Source : LBH Annual Monitoring Report: Housing Delivery in Hackney FY2015-FY2019

- 4.37. For the period 2019 -2023 Hackney is projected to deliver approximately 7,159 new units. This excludes the allocation for windfall sites which in Hackney is based upon the trend GLA housing completion returns for between 5-10 years. Table 5 shows that the Council is proactively designating land for housing through the site allocation section of the Local Plan, and the Council's estate regeneration programme. The identified sites would account for around 4,000 dwellings, and around 2,800 from granted permission, thus only around 1,000 over 5 years being from non conventional housing and windfall sites. Delivery of 7,915 (or 7,159 excluding windfall) is well above the 7,188²⁶ dwellings required based on the London Plan.
- 4.38. The emerging Future Shoreditch and Stamford Hill Area Action Plans, will identify and safeguard more sites that would be considered appropriate for housing only or as part of a mixed use scheme.

²⁶ London Plan Target 1599 for years 2019 and 2020 and 1330 for years 2021, 2022 and 2023

Table 5: Projected Housing Delivery (2019 – 2023)

| Source | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total of these years |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------------------|
| GLA / LDD pipeline totals | 397 | 377 | 667 | 664 | 660 | 2765 |
| Housing regeneration | 323 | 456 | 631 | 515 | 326 | 2251 |
| Site allocations | 122 | 120 | 510 | 515 | 515 | 1782 |
| Pre-apps | | | | | | 50 |
| Non-conventional | 69 | 76 | 76 | 45 | 45 | 311 |
| Interim Housing | 911 | 1029 | 1884 | 1739 | 1546 | 7159 |
| Winfall included in years 3,4,5 only | | | 252 | 252 | 252 | 756 |
| Total | | | | | | 7915 |

Source LBH Authority Monitoring Report 2018

4.39. It is doubtful given the location of much of the Borough's POAs are in high value areas that the increase in residential supply will result in a decrease in land values. For instance residential development in Shoreditch in particular, along with Dalston and Hackney Central appeal to affluent city workers as well as large institutional and foreign investors and will continue to attract a significant premium in terms of value.

4.40. The differential in land values (see below) will result in a significant reduction in employment land. This will impact on the limited supply of commercial floorspace, and increase the rental price of such floorspace. Hackney's commercial floorspace, as a major contributor to the wider London economy and for Tech City, is dependent on relatively affordable workspace for creative industries, serving not just large companies, but start-up and growing businesses. Displaced businesses will need affordable floorspace elsewhere.

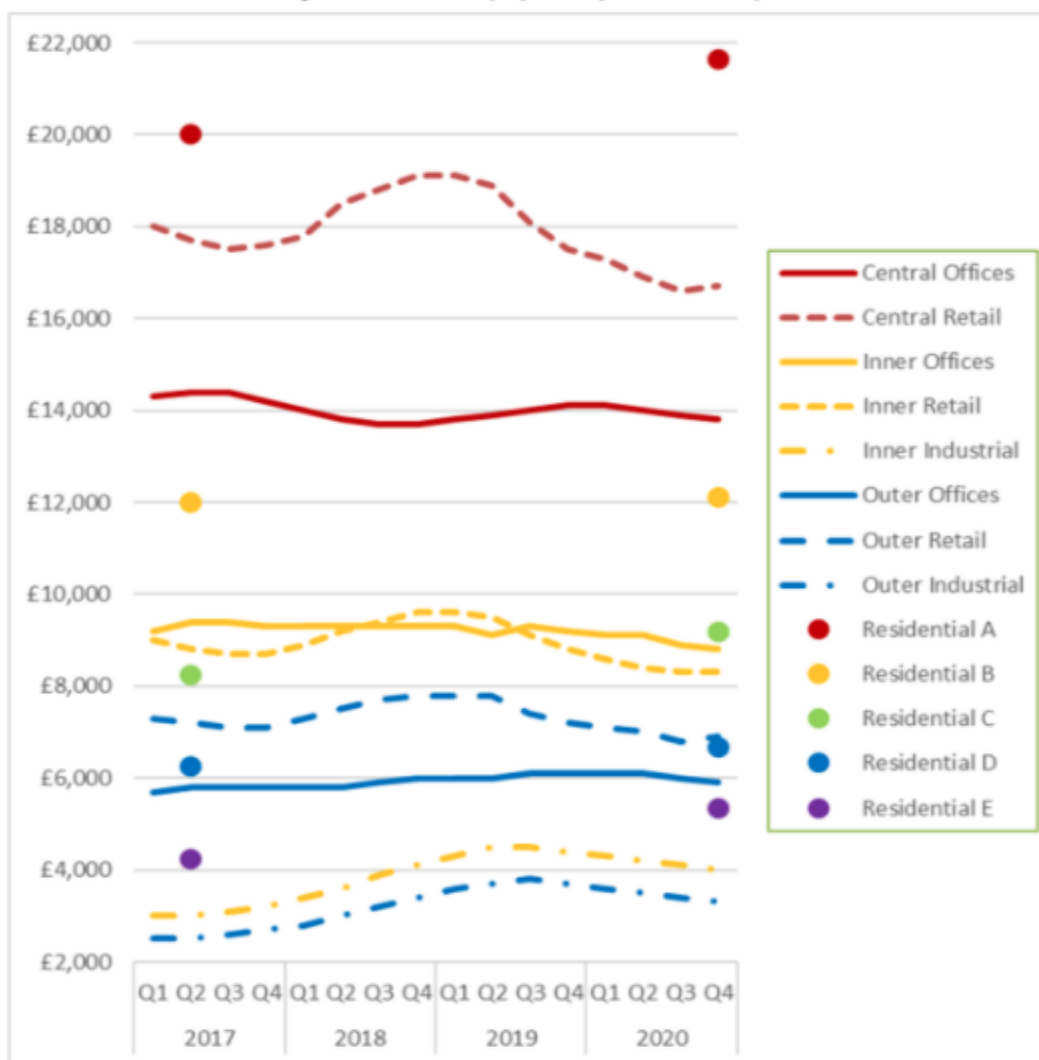
4.41. This would be contrary to the perceived aims of the Government's proposed change of use – increasing the supply of residential land and floorspace, and reduction in the supply of office land and floorspace may well lead to the latter having a higher value and thus more appealing to developers rather than lying vacant, however, the increased value would be detrimental to the types of business that Hackney has and is trying to grow.

Residential vs non Residential values

4.42. Residential values are consistently higher than offices, retail and light industrial values in central, inner and outer London. Therefore, the new Class E to residential PD rights could see a significant loss of commercial to residential.

4.43. The extract below from the GLA's Strategic evidence for the A4D shows that across the areas, residential value is above commercial.

Figure E.5 Indicative comparison of average capital values in residential and non-residential use by value band (£ per square metre)



Sources: GLA analysis of Three Dragons (2017) and Molior data (2020/21) for residential values and GLA analysis of CoStar market rent and yield data for commercial values (2017-2020).

Notes for Figure E.5 1: values for residential and non-residential capital values are derived from different sources.

2: the values are indicative averages - there could be significant local variations in residential and commercial values.

3: the values for inner and outer London offices are more likely to reflect higher value office locations especially in West and South London (where there are more transactions) - compared to lower value office areas in other parts of London.

4.44. *“The strategic evidence below suggests that average residential values exceed average office and retail values in central London. In inner London, average residential values are typically greater than average office and retail values except in lower residential value band areas where the average values are broadly comparable. In outer London, average residential values typically exceed average office and retail values, except in lower residential value band areas where the average residential values are broadly comparable with average retail values, but marginally higher than office values. Average residential values currently exceed average industrial values in all parts of London.”* (para E21 of the GLA).

Impact on Hackney’s adopted spatial strategy

- 4.45. The PD rights could have a significant impact on the Council's spatial strategy, contained within its adopted Local Plan 2033 (adopted 2020).
- 4.46. The sustainable spatial strategy focuses higher density, commercial and mixed-use growth in key areas such as the Borough's town centres (Dalston and Hackney Central), Shoreditch and the CAZ, and along railway corridors which contain the majority of the Borough's designated employment land. The spatial strategy focuses economic and employment growth within these areas which are a relatively small proportion of the land area of the Borough. The conversion of commercial, business and services in these areas would significantly undermine the ability of these areas to fulfil this economic and employment role, with no other areas to rely on to adequately perform this role. The strategy supports high density growth in these areas, facilitating large uplifts in both commercial and residential floorspace.
- 4.47. Implementation of the proposed change for commercial, business and services to residential could have a detrimental effect on the character of areas which are designated on the basis of having a core cluster of commercial, business and businesses uses and buildings. Even one or two completely residential schemes would undermine the character of an area which will establish a precedent for a continuation of primarily residential schemes. These impacts could be long lasting - once employment and commercial land is redeveloped for residential use it is unlikely to ever revert back to an employment or commercial generating use. The Council considers its current policy approach as being effective in achieving a balance in terms of promoting the employment generation of sites alongside achieving other uses such as residential. Despite the current situation, planning policy needs to be considered in the longer term (typically 15-20 years) to ensure we strike the right balance between the provision of housing and future employment land which equates to local jobs. Any deviation from this strategy, even for a short period, will have significant detrimental impacts.
- 4.48. In addition to the Local Plan, the Council and other interested parties have been progressing the delivery of the identified growth areas through area action plans and other documents including the :
- Draft Dalston Plan SPD (May 2021)
 - Draft Hackney Central Town Centre Strategy Review and Appraisals (2021) and
 - Draft Future Shoreditch AAP

Impacts on design quality

- 4.49. The Council's planning policies support mixed-use in its employment designations and town centres, the inability of the planning system to oversee and manage development with the change in PD rights will mean that there is a high potential for inappropriate design which may be contrary to any localised design code, meeting statutory minimum requirements only. The long term effect of solely residential use in the designated employment areas and major town centres would erode those designations, meaning that they will not be able to perform their primary role of supplying commercial land, business and floorspace. Such inappropriate relationship of uses will lead to amenity impacts on residential occupiers, with subsequent regulatory and enforcement impact on the Council.

Planning contributions to fund infrastructure

- 4.50. A change of use from commercial, business and services to residential use puts pressure on the infrastructure needed to support such residential growth; for example school places, transport infrastructure, open space, and health facilities. However, as a permitted development, contributions normally secured through Section 106 to fund such strategic infrastructure and site specific impacts, will not be negotiated as no planning permission will be required.

- 4.51. The potential loss of S106 or CIL revenue will not only limit the ability to provide supporting infrastructure but could undermine the entire commercial market in Hackney as businesses will have no certainty as to whether or not their leases are likely to be extended. It also puts at risk Hackney's pipeline of non residential floorspace.

5. Conclusion

- 5.1. The PD rights pose a risk that many commercial properties in the CAZ, Tech City and the wider City Fringe up to Dalston and Hackney Central would be converted to residential accommodation. This risk is particularly high in high values areas where residential values are significantly higher than office, retail and other commercial values. Should this happen then the anticipated adverse impacts would be as follows:
- Shared workspaces, incubator spaces and commercial property for startups and micro businesses would become increasingly less viable in Tech City. There is a need to ensure a supply of premises and land that can accommodate a range of size, and quality to cater for diverse needs and requirements. Sufficient supply will also help with affordability, and businesses can benefit from clustering with similar and dependent sectors especially creative and tech industries.
 - Cluster would dissipate as businesses are forced to move further away, should this happen on a significant scale, the benefits of clustering would be lost, as would much of the innovation and drive that attracts inward investment.
 - Dissipation of the cluster would make it more difficult for banks and other investors to establish a presence within close proximity start up, sme and those in growing sectors.
 - Dissipation of the cluster would also disconnect the digital creative businesses from the institutions growing to support them and maximize the growth potential.
 - The significant uplift in residential units in would give rise to issues such as access and servicing and implications for the businesses in the CAZ.
 - The viability, vitality and attractiveness of the town centre, could be diminish if there a pleration of residential especially at ground floor level, which will also affect the role they play in the heal and well being of the community.
 - Cumulatively these impacts could make Tech City, and therefore London, less competitive in attracting the highly skilled demographic required for the economy to thrive.
- 5.2. In addition to the potential impact above, the A4D is necessary because:
- Planning for sustainable economic development including residential is in line with national, regional and local policies. It will allow the Council to consider and determine planning applications in line with the existing and emerging policies. In some circumstances, changes of use to residential may be justified and acceptable.
 - The Council has an up to date adopted Local Plan , which sets out the spatial strategy for development up to 2033, and the related policies that aim to make the growth and regeneration areas and town and district centers the focus of retail, commercial, leisure and cultural development and to provide and retain offices. This is supplemented by area action plans and strategies for the key growth areas such as Shoreditch, Hackney Central and Dalston.

Appendix 1 Use Class E (Commercial Business and Service) and Permitted Development Class MA

On 1st September 2020 use class E came into effect. Class E more broadly covers uses previously defined in the revoked Classes A1/2/3, B1, D1(a-b) and 'indoor sport' from D2(e):

| Class E Commercial Business and Services | |
|---|--|
| <p>E(a) Display or retail sale of goods, other than hot food</p> <p>E(b) Sale of food and drink for consumption (mostly) on the premises</p> <p>E(c) Provision of:</p> <ul style="list-style-type: none"> ● E(c)(i) Financial services, ● E(c)(ii) Professional services (other than health or medical services), or ● E(c)(iii) Other appropriate services in a commercial, business or service locality <p>E(d) Indoor sport, recreation or fitness (not involving motorised vehicles or firearms)</p> <p>E(e) Provision of medical or health services (except the use of premises attached to the residence of the consultant or practitioner)</p> <p>E(f) Creche, day nursery or day centre (not including a residential use)</p> <p>E(g) Uses which can be carried out in a residential area without detriment to its amenity:</p> <ul style="list-style-type: none"> ● E(g)(i) Offices to carry out any operational or administrative functions, ● E(g)(ii) Research and development of products or processes ● E(g)(iii) Industrial processes. | |

Class MA Schedule 2 part 3 of the General Permitted Development Order 2015 with effect from 1 August 2021.

Permitted Development consists of a change of use of building and any land within its curtilage from a use falling within Class E (commercial, business and service) to a use with Class 3 (dwellinghouse). The table also summaries, the limitations and conditions and the prior approval matters. [Permitted Development Order Class MA](#)

| | Class MA commercial to residential from 1 August | Class O office to residential until 31 July | Class M retail to residential until 31 July for former use classes A1 and A2 ¹ |
|---|--|--|---|
| Permitted development | Change of use of a building and any land within its curtilage from a use falling within Class E (commercial, business and service) to a use falling within Class C3 (dwellinghouses) ⁴ | Change of use of a building and any land within its curtilage from a use falling within Class B1(a) (offices) to a use falling within Class C3 (dwellinghouses) | Including change of use of a building from a use falling within Class A1 (shops), Class A2 (financial and professional services), Class A5 (hot food takeaways), betting office, pay day loan shop or launderette to a use falling within Class C3 building operations reasonably necessary |
| Fee | £100 per dwellinghouse, up to a maximum of £5,000 | £96 | £96 change of use only £206 with operational development |
| Limitations and conditions | | | |
| Designations where the development is not permitted | If the building is within Article 2(3) land ⁶ but with the exception of conservation areas where development is permitted If land covered by, or within the curtilage of, the building is or forms part of: <ul style="list-style-type: none"> a safety hazard area or a military explosives storage area a listed building or land within its curtilage a scheduled monument or land within its curtilage a site of special scientific interest | If the site is, or forms part of a safety hazard area or a military explosives storage area; If the building is a listed building or is within the curtilage of a listed building; or If the site is, or contains, a scheduled monument. | If the building is on Article 2(3) land ⁶ If the building is: <ul style="list-style-type: none"> in a safety hazard area or in a military explosives storage area a listed building a scheduled monument in a site of special scientific interest |
| Floorspace limitation | 1,500sqm cumulative | Unrestricted | 150sqm cumulative |
| Operational development also permitted? | No | No | Yes, building operations reasonably necessary ⁴ |
| Vacancy test of three continuous months | Yes | No | No |
| Longevity of existing use | The use of the building must have fallen within Class E and one or more of the classes subsumed by Class E for a continuous period of at least 2 years prior to the date of the application for prior approval. | Must have been in one of the uses on 29 May 2013 or, if in use before that date but not on that date, when last in use. | Must have been in one of the uses on 20 March 2013 or, if in use before that date but not on that date, when last in use. |
| Development must be completed within a period of 3 years starting with the prior approval date | Yes | Yes | Yes |
| Prior approval required | Yes | Yes | Yes |
| Prior approval matters | | | |
| Transport and highways | Yes, particularly to ensure safe site access | Yes | Yes |
| Contamination risks | In relation to the building | In relation to the site | In relation to the building |
| Flooding risks | In relation to the building | In relation to the site | In relation to the building |
| Provision of adequate natural light in all habitable rooms | Yes | Yes | Yes |
| Design or external appearance of the building | No (no operational development permitted) | No (no operational development permitted) | Yes |
| Retail impact considerations: | No | No | Yes ⁴ |
| Impact of the change of use on the character or sustainability of a conservation area | Yes, for a whole or partial ground floor change of use in a building located in a conservation area | No | No (not permitted in a conservation area) |
| Impact on the local provision of the loss of a registered nursery, or a health centre⁶ | Yes, where applicable | Not applicable | Not applicable |
| Impacts of noise from commercial premises on the intended occupiers | Yes | Yes | No |
| Impact on intended occupiers of the development of the introduction of residential use in an area the authority considers to be important for general or heavy industry, waste management, storage and distribution, or a mix of such uses | Yes | No | No |

¹At present, Class M is to be retained for uses outside Class E

²Class E subsumed these former use classes: A1, A2, A3, B1, D1(a) (non-residential institutions – medical or health services,) Class D1(b) (non-residential institutions – crèche, day nursery or day centre), D2(e) (assembly and leisure – indoor and outdoor sports), other than use as an indoor swimming pool or skating rink.

³ Article 2(3) land: A conservation area, an area of outstanding natural beauty, area specified by the Secretary of State for the purposes of section 41(3) of the Wildlife and Countryside Act 1981 (enhancement and protection of the natural beauty and amenity of the countryside), the Broads, a National Park; and a World Heritage Site.

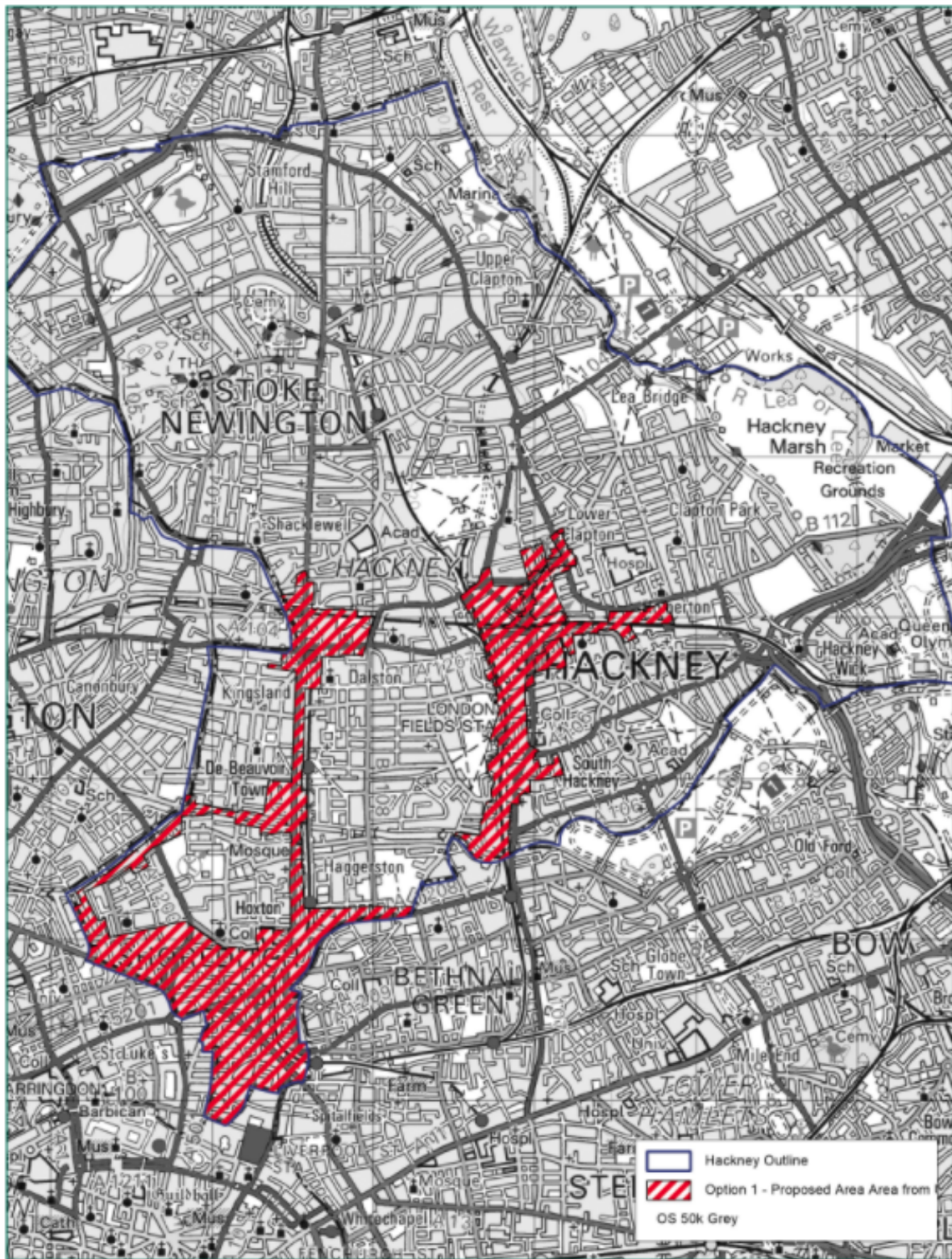
⁴the external dimensions of the building must not extend beyond the external dimensions of the existing building at any given point. No demolition other than partial demolition reasonably necessary.

⁵ whether it is undesirable for the building to change to C3 because of the impact on i) adequate provision of services of the sort that may be provided by a building falling within Class A1, A2 or A5 or a building used as a launderette, but only where there is a reasonable prospect of the building being used to provide such services, or ii) where the building is located in a key shopping area, on the sustainability of that shopping area.

⁶ As maintained under section 2 or 3 of the National Health Service Act 2006(a)

Source: Lichfields UK

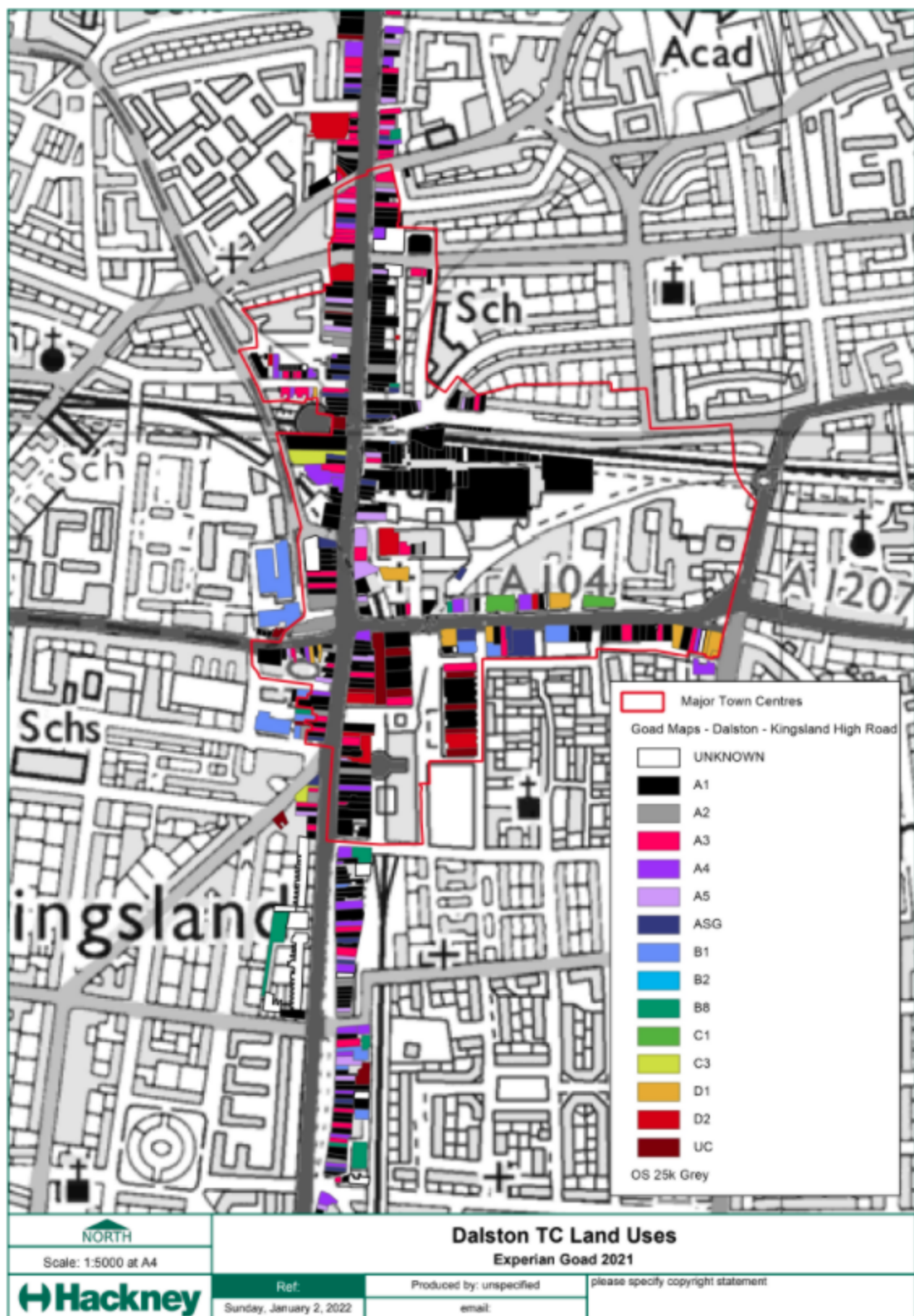
Appendix 2 Proposed Article 4 Direction



| | | | |
|----------------------|------------------------------|--|--|
| | | Proposed Article 4 Direction Area Hackney CAZ, City/Fringe, Dalston and Hackney Central Town Centres | |
| Scale: 1:30001 at A4 | Ref: | Produced by: unspecified | This product includes mapping data licensed from Ordnance Survey with the permission of HMSO © Crown Copyright 2020. All rights reserved. License number: 100019635. |
| | Wednesday, December 22, 2021 | email: | |

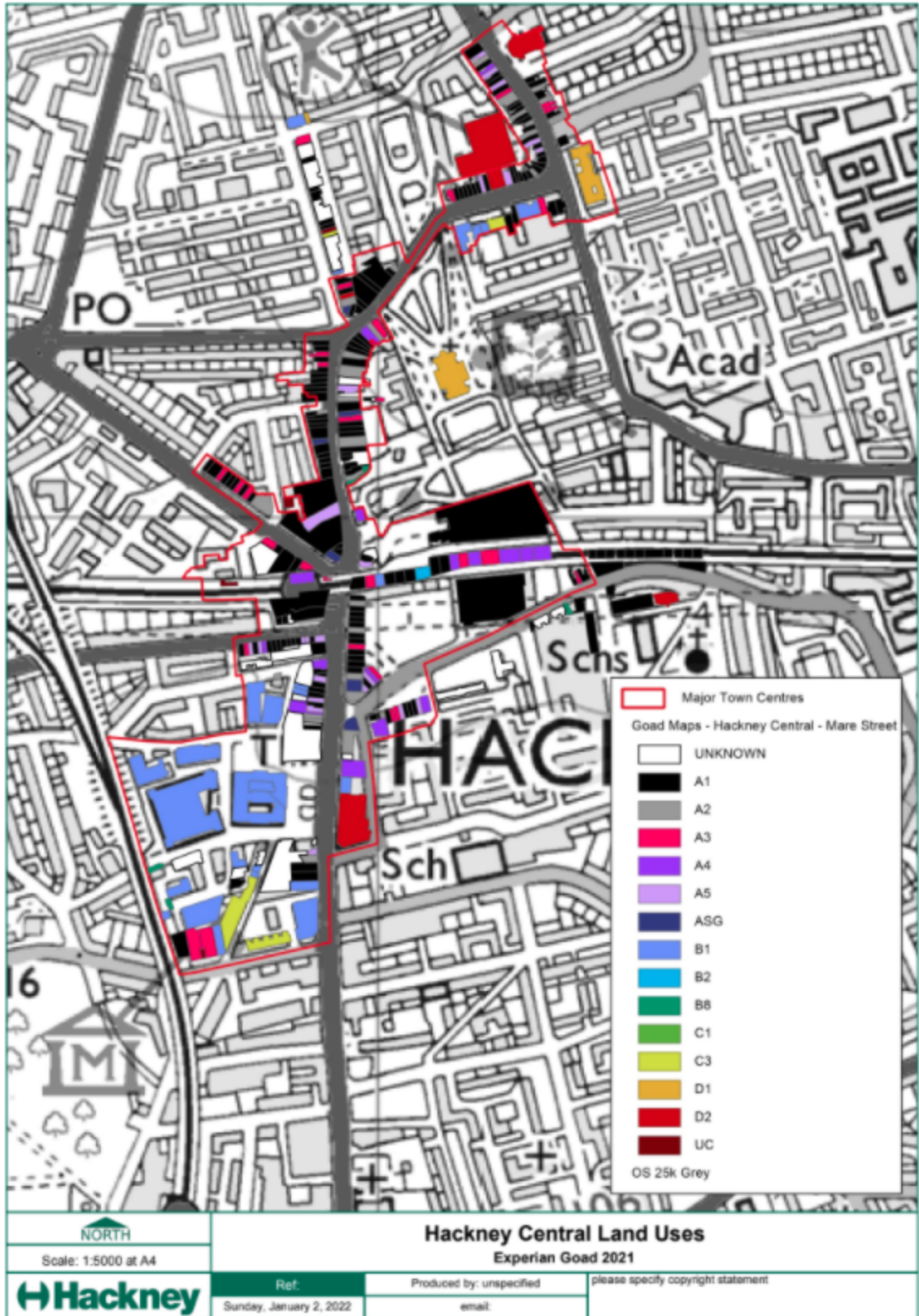
Appendix 3 Dalston and Hackney Central Town Centre Land Uses June 2021, and Shoreditch (2018)

Hackney Central



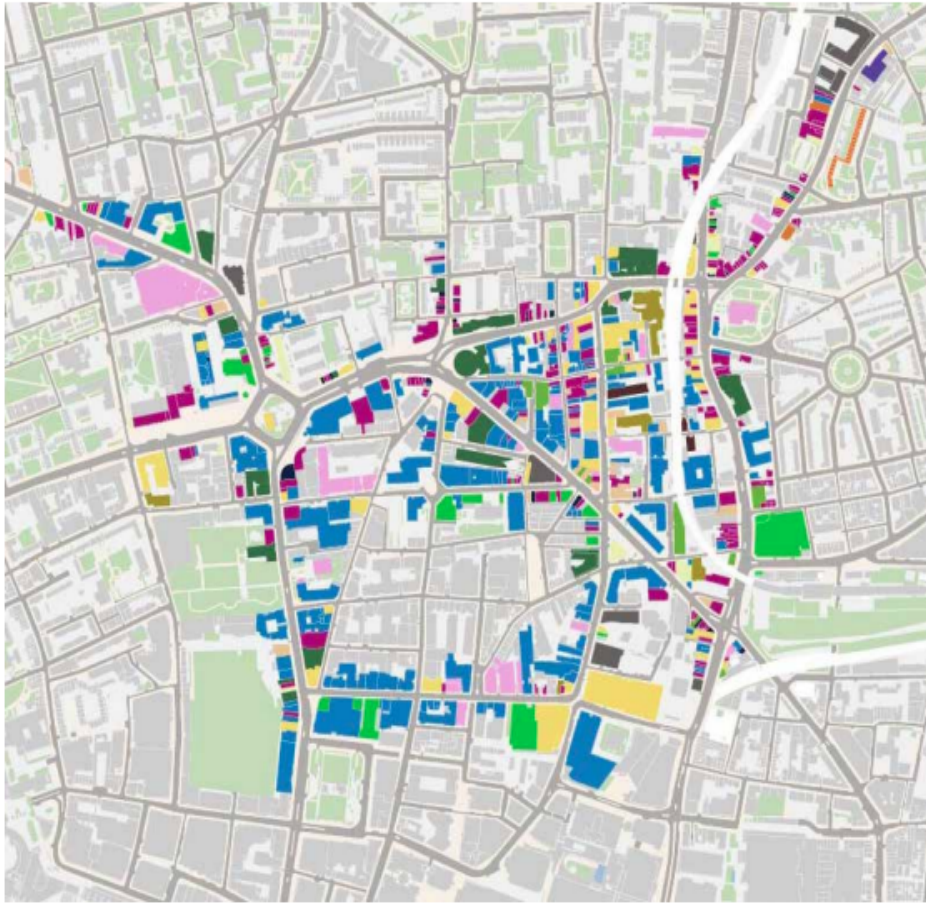
Source Experian Goad Survey 2021

Dalston



Source Experian Goad Survey 2021

Land Uses in Shoreditch



SAAP Ground Floor Uses

Mapping the Data Gaps & Experian Data Combined [LBH 11.12.18]

Key:

- A1 - Shops
- A2 - Financial & Prof. Services
- A3 - Restaurants & Cafes
- A4 - Drinking Establishments
- A5 - Hot food takeaways
- B1 - Business
- C1 - Hotel
- D1 - Non-resi Institutions
- D2 - Assembly & Leisure
- Vacant
- Under construction
- B2 - General Industrial
- C3 - Dwelling House
- B8 - Storage & Distribution
- No Classified (Suis Generis)

Source : Draft South Shoreditch AAP