



Slums of the Future

Permitted Development conversions in London



May 2019 · Tom Copley AM

Contents

Executive Summary	3
The Impact on London	4
Poor Standards	6
Future of Permitted Development Rights	7
Appendix One: Case Studies	10
Appendix Two: Methodology	15
References	16

Executive Summary

London has been long suffering from a housing crisis and is in desperate need for more affordable homes.

The Mayor's new London Plan sets out a requirement of 65,000 new homes per year, of which 65% need to be affordable. Yet these numbers have not been achieved for decades.

The Government has proposed that part of the solution to this is to "speed up" the planning system by expanding Permitted Development Rights, allowing conversions of buildings to residential use without going through the full planning process.

This has had disastrous consequences for London. Many Permitted Development homes are incredibly small and of poor quality, exacerbating the already huge issue of overcrowding.

Furthermore, by avoiding the planning system, developers are getting away with not contributing to affordable housing. This policy must be scrapped.

Key Findings

- Of the 15,929 new homes built through permitted development in London since 2013, only 71 were defined as "affordable" – just 0.4%;
- This means that London has missed out on 5,504 affordable homes (based on the current 35% minimum threshold on privately owned land);
- Croydon has seen the most residential units delivered through Permitted Development in this time: 2,727 or 17% of the total;
- Over half (59%) of London's Permitted Development homes are smaller than the nationally described minimum space standard;
- London has lost more than 1.6 million square feet of office space to Permitted Development conversions, equivalent to 6% of London's total office stock.

Recommendations

1. The Mayor should call on and lobby the Government to scrap Permitted Development rights for any conversions to residential homes.

2. If the Government refuse, the Mayor should work to secure a commitment from the Government that any homes that are delivered using Permitted Development Rights meet the nationally described minimum space standards and contribute to London's urgent need for affordable housing. This could be done through the Prior Approvals process that is already required for environmental, noise and traffic concerns.

3. The Mayor should commission work to support London Boroughs in enacting Article 4 Directions – beyond the existing Central Activities Zone – to prevent the loss of commercial space that is vital to the survival of London's SMEs.

The Impact on London

Permitted Development is not building the affordable homes Londoners need. Data provided by the Mayor on the number of office-to-residential conversions since 2013 lays bare how this policy is failing London.¹



Of the 15,929 permitted development homes built in London since 2013, only 71 were defined as “affordable” – just 0.4%.

London has a huge need for affordable housing and the Mayor’s new draft London Plan makes clear that more than 42,000 new affordable homes are needed each year, 65% of the total requirement.² In August 2017, the Mayor introduced new Supplementary Planning Guidance which introduced a “threshold approach” to affordable housing.³

The policy seeks a minimum of 35% affordable housing on all new developments in London, and planning applications that meet this threshold are fast-tracked. While this has not been in place since 2013, many boroughs have Local Plan affordable housing targets higher than 35%.

In order to meet this huge need, developers are expected to contribute towards affordable housing on their scheme, and thanks to Sadiq Khan’s new threshold approach (detailed above), the

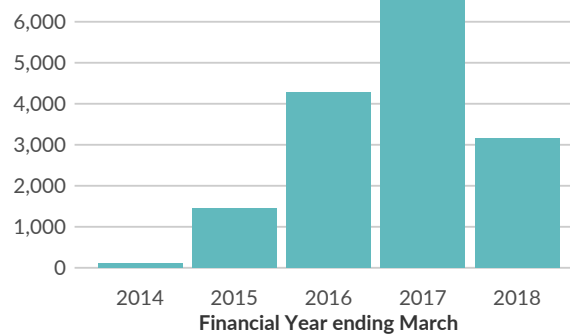


Figure 1: Total Permitted Development homes built in London. Source: London Development Database

proportion of affordable housing delivered through private schemes has increased in the past two years.

However, homes built through Permitted Development Rights are not subject to the same planning obligations as other developments, and neither the Mayor nor councils are able to compel developers to either include affordable housing as part of the development, or make a cash contribution to affordable housing on a different site.

With tens of thousands of families living in temporary accommodation, and hundreds of thousands on council waiting lists for social housing, we simply cannot allow private developers to make massive profits from conversions to residential without also contributing new affordable housing for Londoners.

What are Permitted Development Rights?

Permitted Development Rights were introduced in England in 1995,⁴ and allow certain changes to be made to a building without requiring full permission from the Local Planning Authority. Originally these were intended to be used for minor modifications, such as installation of porches, fences, satellite dishes or solar panels, while also including extensions of homes. Since 2013, however, these rights have been considerably expanded.

In May 2013, legislation came into force which would allow conversion from office (use class B1(a)) to residential (C3) without full planning permission.⁵

With this, also came the introduction of Permitted Development Rights to convert some light-industrial buildings (for example, small workshops) to residential as well. Developers make an application through a “prior approvals” process – and the local council is not able to hold a scheme to the criteria set out in its Local Plan, or those set in the Mayor’s London Plan, as it would for any other typical development. The authority may take into account impacts on highways and transport, the impact of noise from nearby commercial premises, but crucially, the converted dwellings do not need to meet minimum size standards or provide affordable housing.

Permitted Development conversions are happening all around London, apart from specific areas where there are blanket exemptions (the Central Activities Zone⁶ and Kensington and Chelsea).

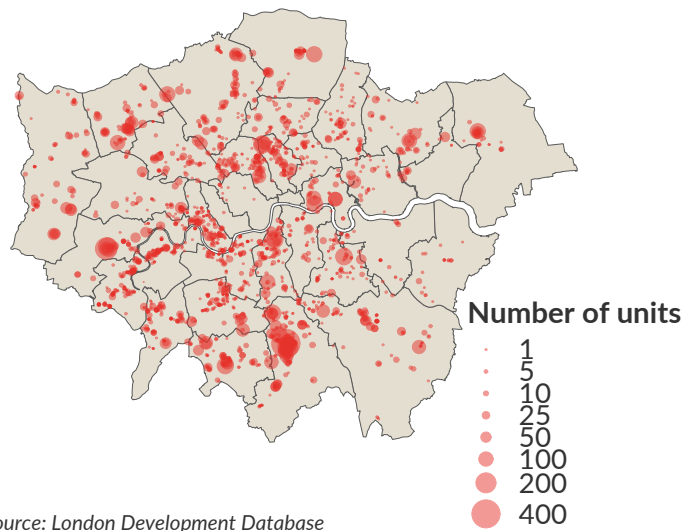
Croydon has seen by far the most residential units delivered through Permitted Development, and high numbers of units have been converted in many other outer London Boroughs too – for example Hounslow,

Sutton, and Barnet. But Lambeth and Islington have also seen large numbers of schemes go through without proper planning oversight.



If we were to apply this threshold, it would mean that London has missed out on 5,504 affordable homes.

Figure 2: Permitted Development Hotspots
Location of individual schemes by total number of units



Source: London Development Database

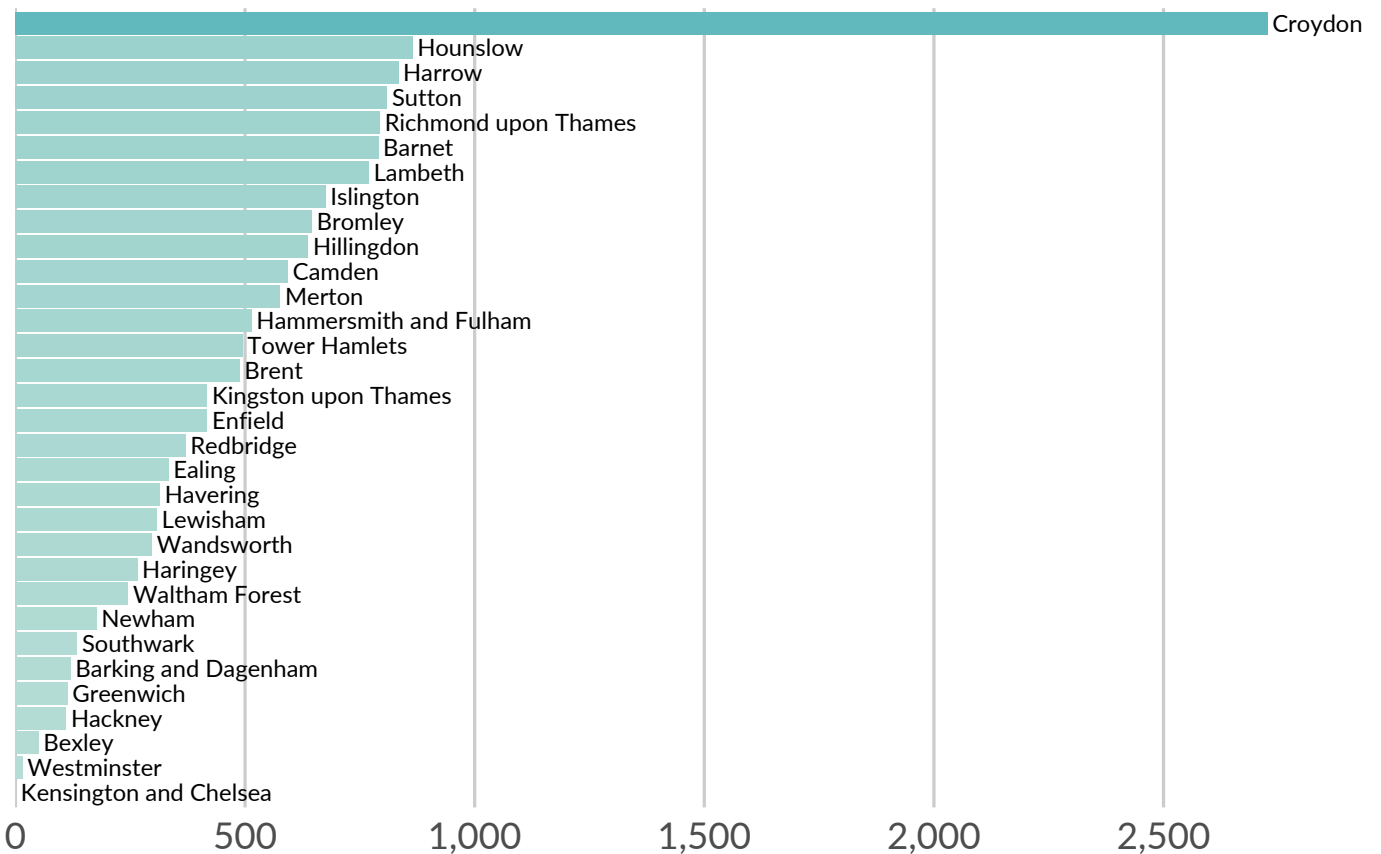


Figure 3: Permitted Development homes by borough since 2003. Source: London Development Database

Poor Standards

Not only are these developments failing to deliver much needed affordable housing, but the size of many of them are shockingly small. Through Energy Performance Certificate (EPC) Data available online,⁷ I have been able to find the exact square meterage for 3,135 of these Permitted Development homes (see Appendix Two), and 1,837 are definitely smaller than the minimum required. There are examples of homes delivered through Permitted Development that are smaller than the minimum standards in every London Borough (apart from Kensington and Chelsea and the City of London, which are both excluded from Permitted Development Rights).

This means thousands of Londoners are living in cramped conditions, in buildings not designed for residential use. Such units often have few and small windows, no outdoor space, no storage space, and no play space outdoors. They create more, seemingly mundane, problems too that significantly impact on quality of life: where do you hang your washing, or cook without your entire home smelling? This brings significant health and social costs, and harms children’s educational development. It is clear that the problems of tiny unsuitable homes are exacerbated through permitted development.

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59% – are smaller than the nationally described minimum space standard.

Some of these Permitted Development units are significantly smaller than the minimum. Of the 3,135, 240 are less than half the minimum (18.5 square metres or smaller). Some of the worst examples are in Croydon where 80% of the Permitted Development homes identified are smaller than the minimum size standard. In total, 105 homes there are smaller than half the minimum standard, and Urban House on Cavendish Road contains four of the smallest Permitted Development flats in London – the smallest being just 10 square metres. (See Appendix One for further details).

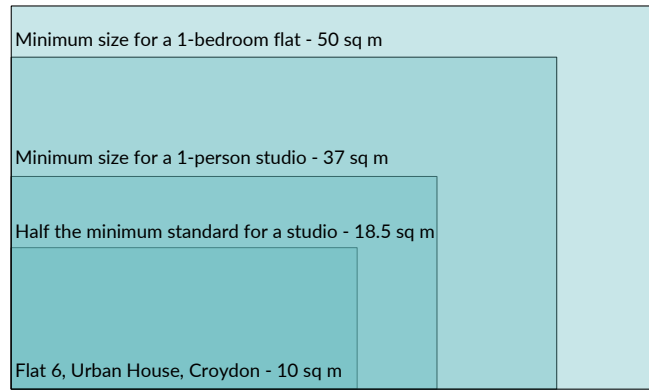


Figure 4: Size of one Permitted Development home compared to the minimum size standard

These figures are likely to be an underestimate of the extent to which tiny flats are being waved through. Much of the data doesn’t distinguish between a studio or one bedroom flat (i.e. between one- or two-person units), and the minimum for a 2-person, 1-bedroom unit is 50 square metres.

Of the Permitted Development homes identified, 86% have less floorspace than this. That would mean that there are likely to be more than 13,500 homes across London that have been allowed to be built in the past five years, despite having less floorspace than required for a standard 1-bedroom flat.

Nationally Described Minimum Space Standards ⁸		
Bedrooms	Persons	Minimum internal space (square metres)
One	1p	37
	2p	50
Two	3p	61
	4p	70
Three	4p	74
	5p	86
	6p	95
Four	5p	90
	6p	99
	7p	108

Future of Permitted Development Rights

Proposals from the Government are set to worsen the current Permitted Development situation. The Government began consulting on allowed change of use from office to residential through Permitted Development in 2011. The consultation document set out that this would respond “to the recognised and urgent need to increase housing supply” and “the continuing need to simplify the planning system and make it easier for sustainable development to happen”.⁹



380,000 households in London live in overcrowded conditions.¹⁰

When London Assembly Member Nicky Gavron challenged the then Housing Minister Gavin Barwell about the impact of the policy in December 2016, he stated “This policy has delivered a significant increase in the number of homes [...] I am rightly under huge pressure to ensure that we get this country and this city building the homes we need, this is a policy that is contributing to that.”¹¹

Despite many organisations and campaign groups highlighting the negative impacts of Permitted Development conversions, the Government are pushing forward proposals to extend them further. A consultation was launched in October 2018 on reforms to planning “Supporting the high street and increasing the delivery of new homes” that emphasised the success Permitted Development Rights have had in contributing to the housing supply and speeding up the planning process.¹²

The proposals would allow a wider range of high street uses to convert to homes without planning permission, and to allow conversions to extend upwards to add more homes. The Government also proposes to give Permitted Development rights to the full demolition of commercial buildings to be

rebuilt as residential – extending the existing right that ‘conversions must be within the fabric of existing structures’ beyond recognition.

This could be hugely damaging for London’s high streets who are already losing businesses, and risks losing further valuable commercial and creative space.

What does this mean for London's businesses?

Work commissioned by the Mayor (to support boroughs in applying for Article 4 directions once the exemption to Permitted Development conversions for the Central Activities Zone expired in May 2019) has found that London has lost more than 1.6 million square feet of office space to PD conversions – 6% of London’s total office stock.¹³

The loss of commercial space has been most prominent in outer London boroughs. Extending these rights further would be devastating to neighbourhoods in terms of pushing small businesses, shop owners and creative manufacturers out to be replaced by substandard housing, that makes no contribution to local housing or infrastructure needs.

Lord Porter, Chairman of the Local Government Association, said in 2018 that “It is essential that councils and their communities are empowered to ensure local development creates prosperous places, that new homes are good quality and affordable, and that they are supported by crucial services and infrastructure such as roads and schools.”¹⁴

The LGA makes it clear that councils are doing their part to deliver permissions for new homes, and 9 in 10 planning applications are approved. It is not the case that it is simply the planning system holding cases up that is to blame for poor housing delivery, and that streamlining it – through Permitted Development – will deliver more homes faster.

The most recent London Plan Annual Monitoring Report, for 2016-17, shows that in the past decade, the number of new homes given planning permission each year in London exceeds the target set by the Plan.

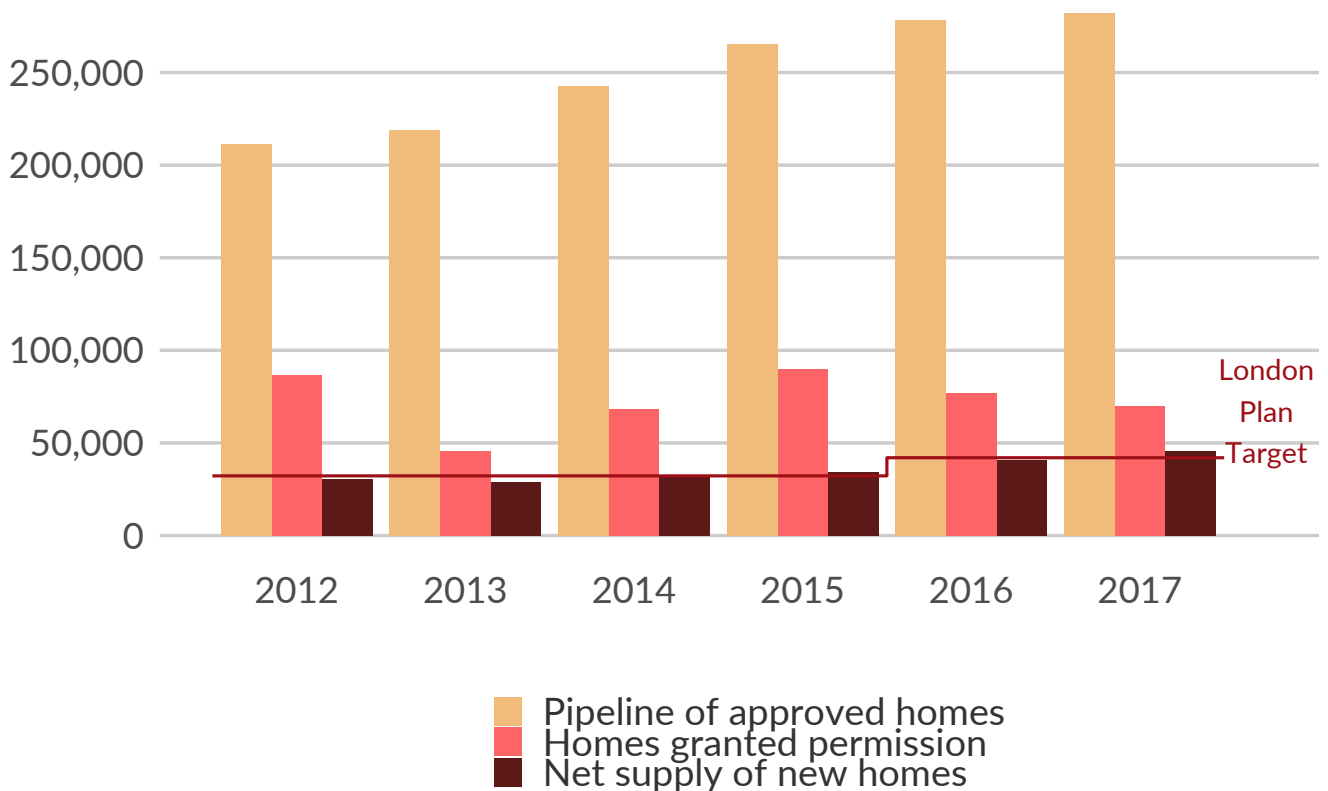


Figure 5: Planning approvals and supply of new homes in London. Source: London Plan Annual Monitoring Report

The London Plan 2011 target was 32,000 new homes per year, from 2015 the target was 42,000, and the new London Plan will set a target of 65,000 from 2019/20. London Councils and the Mayor are granting more planning permissions every year than required.

The Net Housing Pipeline figure – for homes that have planning permission that are either under construction or construction has not yet started – shows that these are just not being built. We know that there are many reasons for this, for example, work carried out on behalf of the GLA has found that there are significant gaps and shortages of skilled construction workers needed for the scale of projects in London.¹⁵ The size of the pipeline has grown in each of the last nine years, and when we see the 2017-18 monitoring report later this year, we could see it reaching 300,000 homes.

Skirting the planning system and delivering homes without oversight is not the solution to building more homes. Indeed, the Government have recognised this, and commissioned Sir Oliver Letwin MP to carry out a review into “build out” rates. This report was published in Autumn 2018 and made many detailed

recommendations for improving build out rates on housing developments – including diversifying the type of homes built.¹⁶

James Brokenshire, Secretary of State for Housing, Communities and Local Government, said alongside the Spring Statement that his department would be bringing forward proposals shortly to implement some of these.¹⁷

I await these new proposals keenly, but it is disappointing that this is alongside the future extension of Permitted Development Rights – the Government is giving with one hand, but taking with another.

The Government has also not put forward any evidence that Permitted Development Rights are necessary for these conversions to take place. Without Permitted Development, an office-to-residential conversion could be applied for and approved by a local authority following typical processes - and will come with a section 106 agreement for affordable housing and meet minimum size standards.

Research by Shelter suggests that nationally, many of the Permitted Development conversions may have been applied for anyway.¹⁸ The Royal Institute of Chartered Surveyors (RICS) carried out a study comparing parts of England to Glasgow where Permitted Development is a devolved issue and the same office-to-residential- conversion rights do not exist. The study found that the lack of Permitted Development was not preventing such conversions



Office-to-residential Permitted Development has been a fiscal giveaway from the state to private real estate interests, whilst leaving a legacy of a higher quantum of poor quality housing than is seen with schemes governed through full planning permission.

Source: Report for Royal Institution of Chartered Surveyors, May 2018

Conclusion

This cannot continue. The need to build more homes in London is clear, but this must not be pursued at the cost of basic standards of quality, and furthermore, not without contributing to the overwhelming need for affordable housing.

New homes must be properly planned, with oversight from the local authorities, and there is no need for the planning process to be circumvented through Permitted Development Rights to convert office blocks, takeaways or mechanics' workshops into unsuitable flats.

If this continues unchecked, and proposals to expand these rights to further use-classes are carried forward, then we will be condemning tens of thousands more Londoners to living in miserable and cramped homes.

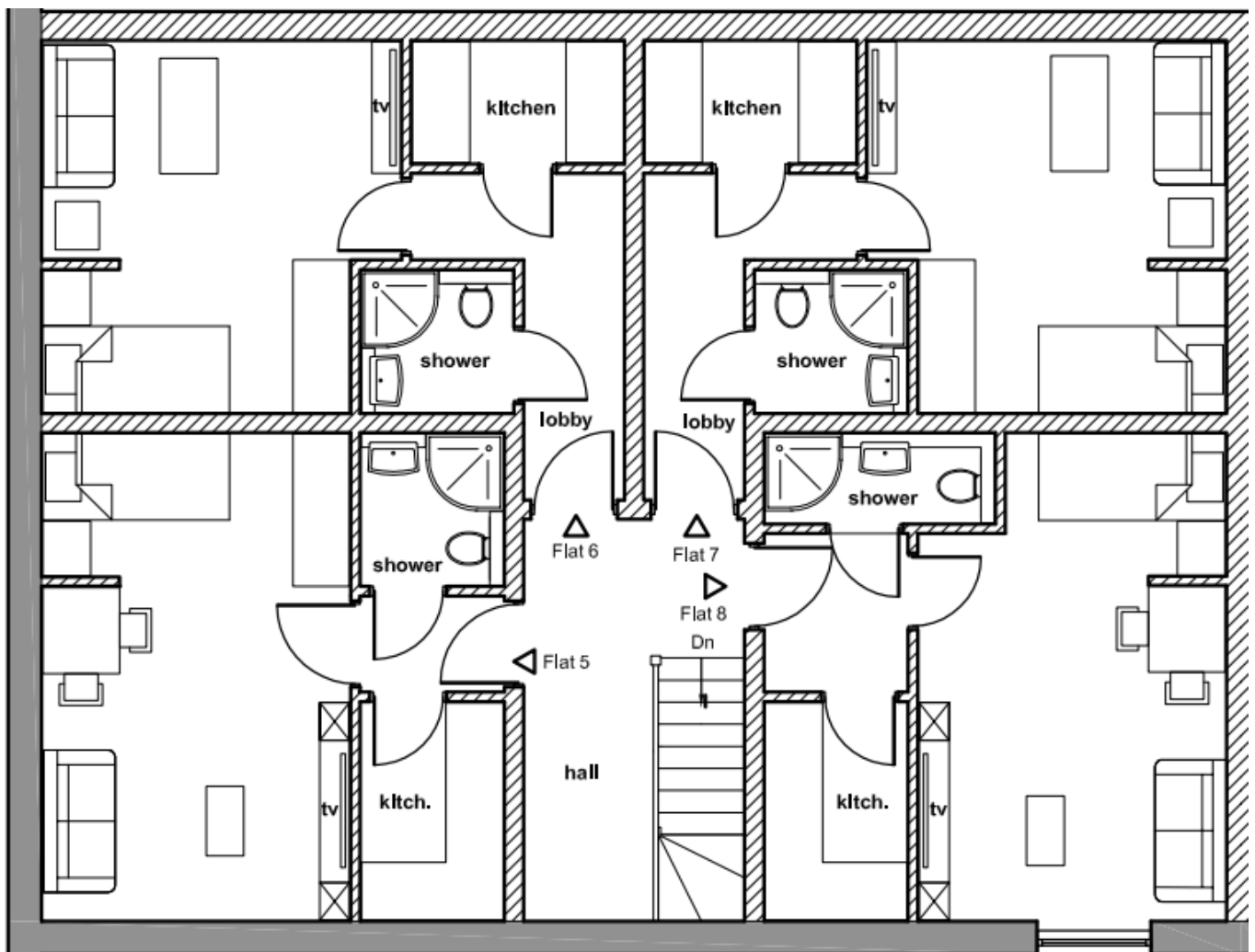
Some may call them "rabbit hutches" or others "micro-homes", but we must be clear about what we are building when we allow masses of Permitted Development conversions: the slums of the future.

Appendix One: Case Studies

There are thousands of Permitted Development schemes across London, and as stated, many do not meet minimum space standards. Presented below are a cross-section of these, including some of the very worst cases.

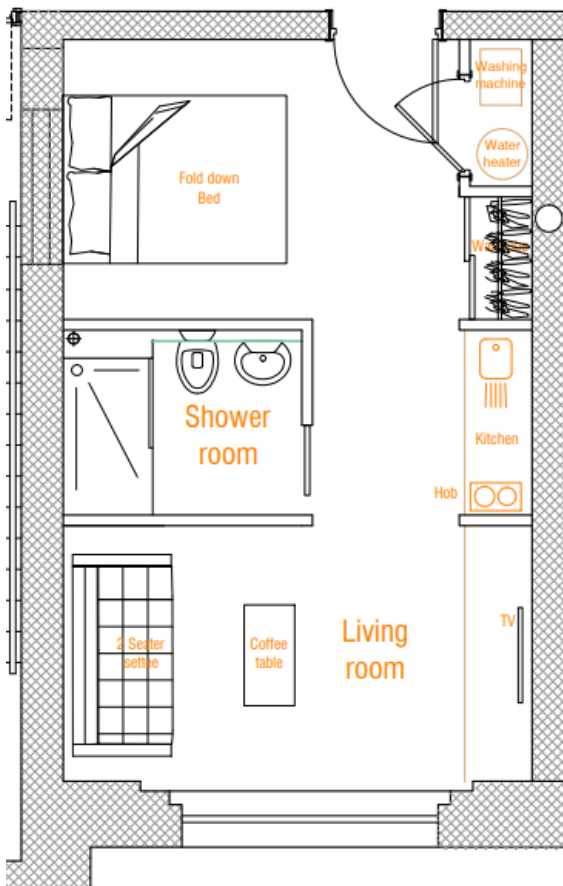
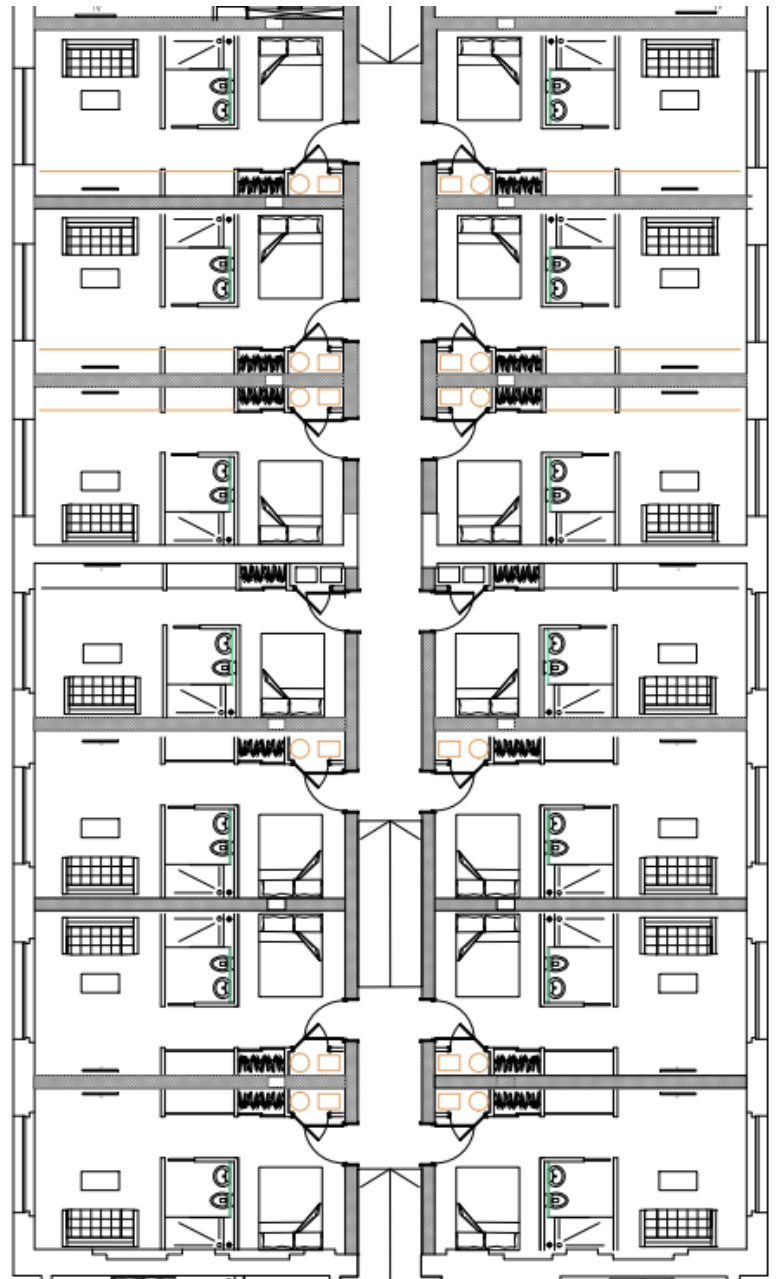
Croydon

The below block in Croydon contains some of the smallest Permitted Development flats in London. Formerly used as eight offices, it received Prior Approval in 2015 to be used as 16 studio/one-bedroom flats. The Energy Performance Certificate is available for six of these, the smallest of which is just 10 square metres, and the largest is still only 19 square metres. Looking at the floorplans available on Croydon Council's planning portal, it seems clear that none of the sixteen flats come close to meeting the 37 square metre minimum. Flat 6, shown as part of the floorplans below, is the smallest 10 square metre unit.¹⁹



Lambeth

This block in Lambeth, received Prior Approval for change of use to residential in October 2014.¹ 33,000 square metres of previously light-industrial usage, the first to fourth floors have been converted to 155 residential units. Of the 111 matched to EPC data, 110 do not meet minimum space standards – all 110 being 30 square metres or smaller. The detail in the planning documents states that 124 of the 133 studio flats have a floorspace of 27.5 square metres.² The beds provided in these flats fold up to make space for a small dining table, and the majority of them have a single window.



Top-right: layout of 14 studios.²⁰

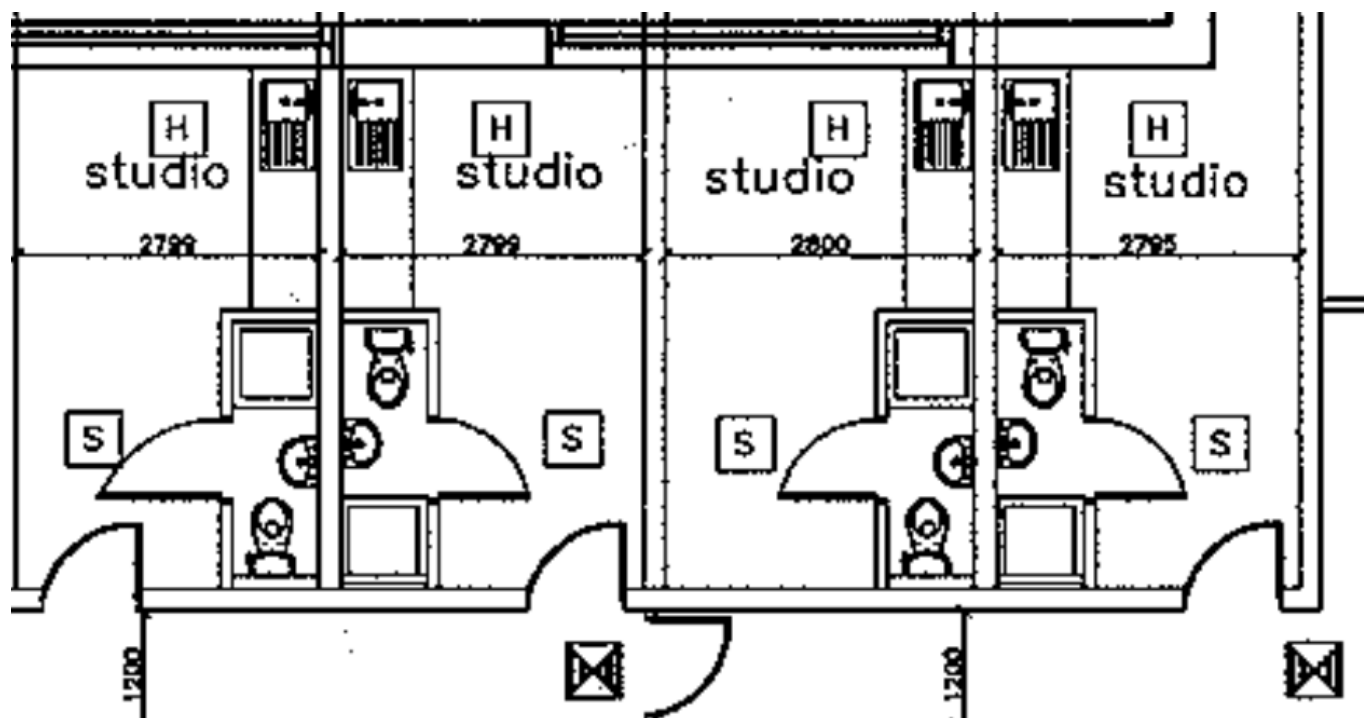
Top-left: example floorplan of an individual studio of 27.5 square metres.²¹

Bottom right: Photo of inside of a studio recently listed for private rent at £1,343 per calendar month.²²



Merton

This block in Merton was given Prior Approval in February 2015. Of the 79 flats, only four are larger than 39 square metres, and none meet the minimum for a one-bedroom two-person flat. The smallest studios are just 12 square metres, and while fairly close to Mitcham Junction station, it is surrounded by warehouses and other light industrial buildings.²³ Here are four of those studios side-by-side on the ground floor.



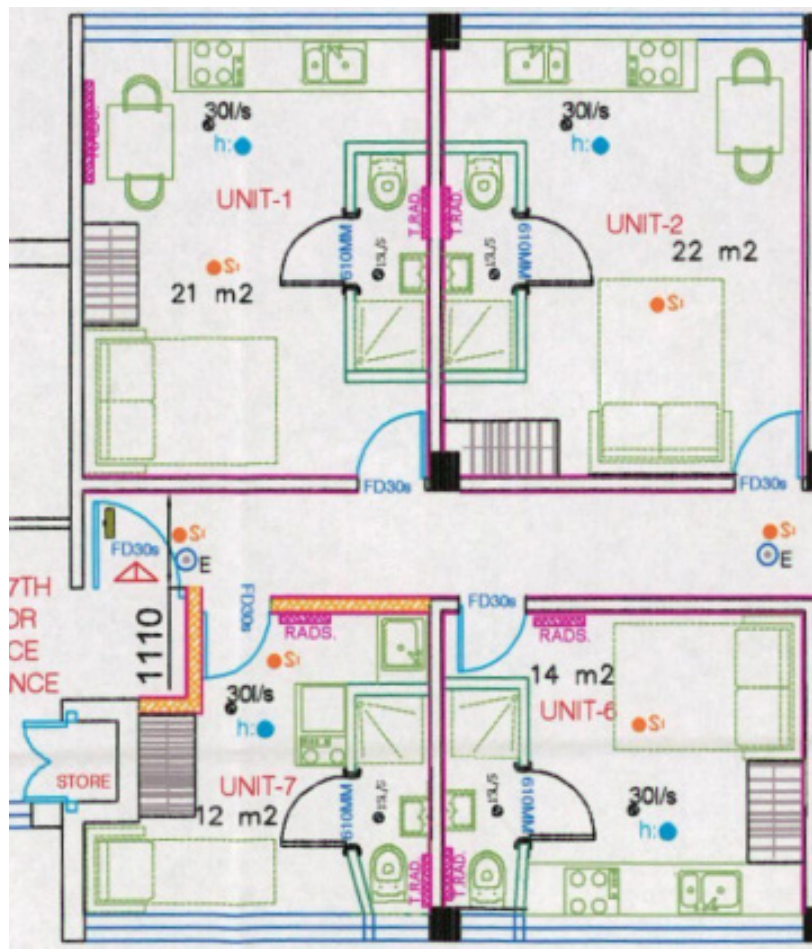
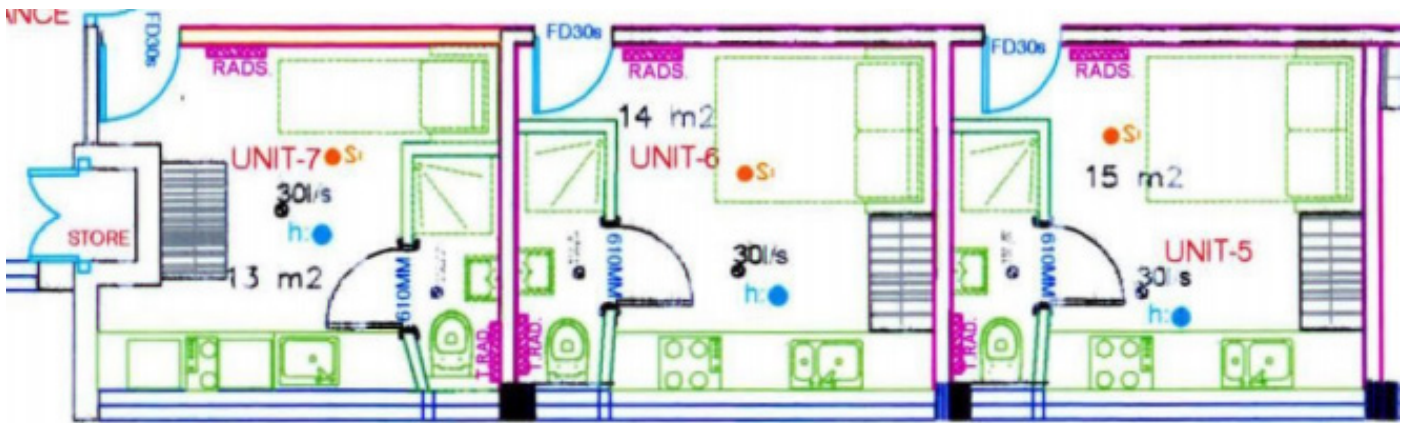
Newham

Channelsea House, an imposing six-storey former office block, has been converted into 71 flats. Helpfully, the developer has provided an “accommodation schedule” as part of the planning documents, which show that only 5 of the flats meet the appropriate minimum.²⁴



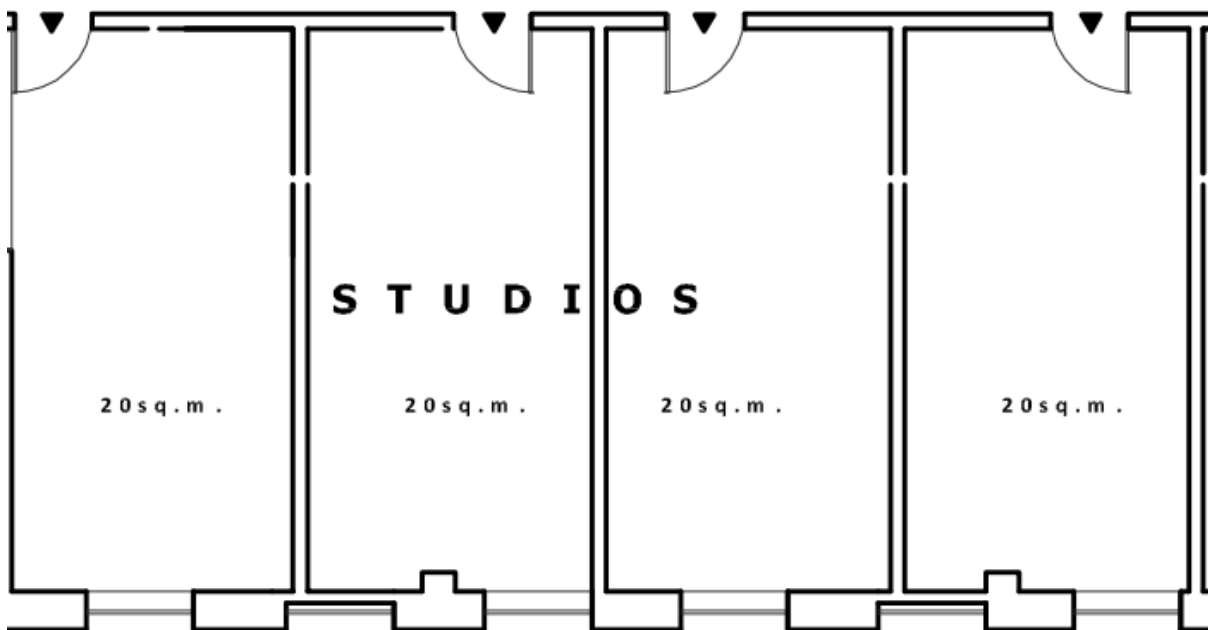
Hackney

A former office block next to Stoke Newington station, has been converted into flats through Permitted Development Rights. Every single one of the 49 flats is smaller than the minimum space standard for a one-person studio, including some that are just 12 square metres, such as unit 7(left) on the seventh floor.²⁵



Hounslow

Hounslow Council refused a Prior Approval application to turn this building into 80 flats in 2014, based on the proposed dwellings being too small. The developer successfully appealed, based on the fact that the legislation doesn't allow for refusal for this reason. From the EPC data, it appears that there are now 95 flats within the building, and every single one is smaller than the minimum requirement for a studio. The beds lift to the ceiling to make space in the room, and the kitchen units are hidden away in cupboards.²⁶



Appendix Two: Methodology

Following the response to my written Mayoral Question in February this year, about the total number of homes built through Permitted Development in recent years, and the number of affordable homes,²⁷ the team at the GLA's London Development Database (LDD), which works with London Boroughs to record and monitor all residential planning applications in London, very kindly provided me with the background data used for the Mayor's answer.

This gives the data for all applications for Permitted Development Prior Approvals, including the number of units, number of bedrooms per unit, and address of each scheme. Unfortunately, at present, the LDD does not capture the floorspace of individual units.

However, all homes are now required to have an Energy Performance Certificate – you will often see a summary of these when you search online for a flat, for example. These are provided online as Open Data from the Ministry of Housing, Communities and Local Government.²⁸ The data contains an entry for each home, including the total floorspace and number of habitable rooms.

I was able to match Permitted Development schemes from the LDD to individual units' EPC data using postcodes and addresses. Unfortunately, I have not been able to find the EPC for all 16,000 Permitted Development units built in London – as occasionally postcodes do not match, different formatting is used for addresses, and the EPC database is not fully up to date – but I have been able to establish the size of more than 3,000 of the units from the original London Development Database source.

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